

Section V

Business Plan

Desert Discovery Center - Business Plan



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Executive Summary
BUSINESS PLAN
FOR THE DESERT DISCOVERY CENTER

This report presents the preliminary business plan for the Desert Discovery Center (DDC) to be located at the McDowell Sonoran Preserve Gateway in Scottsdale, Arizona. The DDC business plan reflects the DDC concept, interpretive plans, architectural concept, project scale and target capital cost and relationship of the DDC to its site and the overall McDowell Sonoran Preserve. The full design analyses and concepts are under separate cover, and are the specific project concept that this business plan is based on. The business plan also reflects input received from the DDC design team and the DDC oversight committee.

The research and analysis undertaken in preparing this DDC business plan include:

- ◆ Analyze the resident and tourist markets available to support the DDC;
- ◆ Evaluate, from a market and operating perspective, the site and facility concepts;
- ◆ Test the DDC interpretive, design and operating concepts through primary market research (the primary market research tested both tourist and resident markets);
- ◆ Evaluate alternative governance and operating approaches for the DDC;
- ◆ Analyze the attendance potential of the DDC as currently planned;
- ◆ Estimate the Operational Revenue potential of the DDC concept as proposed given its attendance potential and operating plan;
- ◆ Prepare a personnel plan and pro-forma operating budgets commensurate with the DDC's operating opportunity and to support DDC's success and fulfillment of its mission and objectives;
- ◆ Identify the appropriate amounts of Non-Operational Revenues to be targeted to support planned operations, achieve operating success and fulfill DDC mission and objectives;
- ◆ Summarize marketing considerations for the DDC;
- ◆ Prepare a low-range sensitivity analysis; and,
- ◆ Prepare a pre-opening organization capital budget estimate.

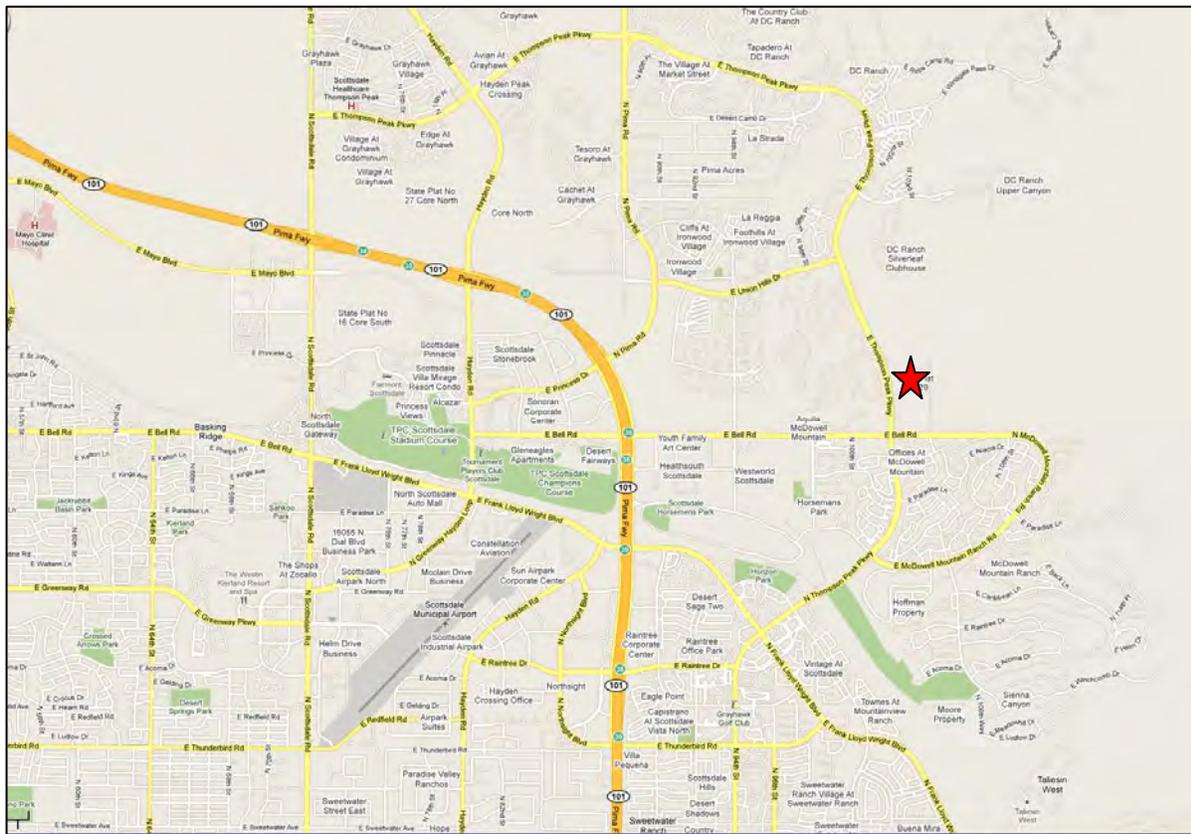
Site Evaluation

The proposed DDC will be located in Scottsdale, a city in the Phoenix Metropolitan Area in central Arizona. Scottsdale currently has a population of approximately 237,000. The estimated metropolitan area population in the "Valley of the Sun" exceeds 4.3 million people, with a projected population of 5 million by 2014.

The proposed DDC will be located in the Gateway to the McDowell Sonoran Preserve. The Gateway will be the largest public access area in the Preserve. The site would be easily accessible

by vehicle to residents from the Phoenix metro area, as well as visitors from outside the region that may be less familiar with the area. The Phoenix metro area is served by major highways running east-west and north-south through the middle of Phoenix -- Interstate 10 and Interstate 17 -- as well as near concentric highways composed of Loop Routes 101, 202 and 303. The proposed DDC site is situated to the northeast of the intersection of Thompson Peak Parkway and Bell Rd., approximately 1 mile from Exit 14 (Bell Rd.) on Route 101, the major north-south limited access thoroughfare to and through Scottsdale.

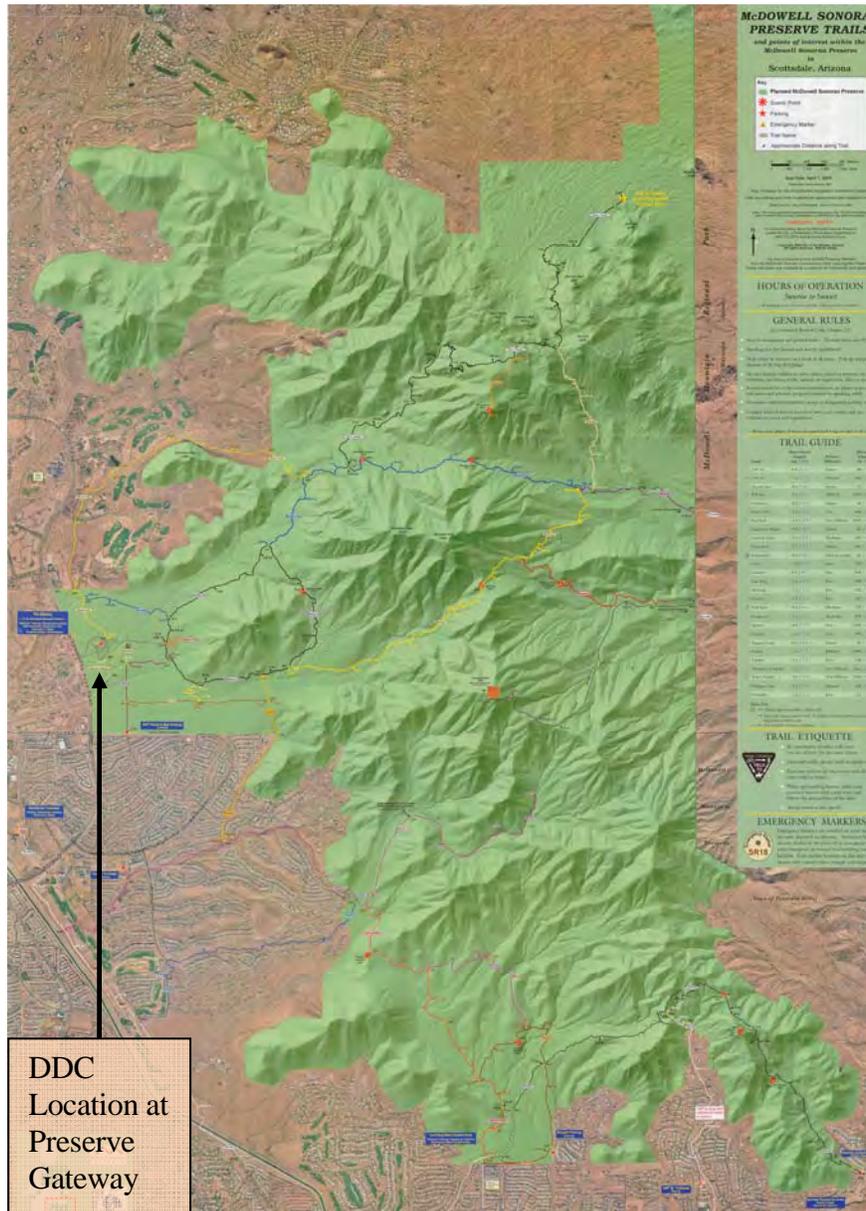
Figure 1
Map of Location of Proposed Desert Discovery Center



Source: Mapquest.com.

Adjacent uses and site size and quality are supportive of the development of a facility such as the proposed DDC. The primary adjacency of the proposed DDC is the McDowell Sonoran Preserve. The Preserve will be the central interpretive theme for the proposed DDC. Residential uses lie to the west and south of the site, across Thompson Peak Parkway and Bell Road, respectively. A mix of uses is located to the north. The proposed DDC site in the Gateway is situated at the foot of the mountains, with direct views of the McDowell Mountains in one direction and views over the Phoenix urban area in the other. This will provide a dramatic contrast of views between natural desert and urban environments.

Figure 2
Map of McDowell Sonoran Preserve Lands and Trails



Source: City of Scottsdale

Desert Discovery Center Concept

The Desert Discovery Center Mission Statement as adopted to date by the DDC oversight Committee is:

The **Desert Discovery Center** is a magical place providing a culture of educational wonder and recreational insights, inspiring both residents and visitors to understand, appreciate, sustain, and return to the McDowell Sonoran Preserve and the world's richest, most amazing desert, which is its home.
(Revised April 8, 2010)

The full architectural plan as prepared by Swaback Partners is separately documented, and is the basis for this market study and business plan.

A program of spaces as prepared by Swaback Partners includes 72,972 gross square feet of indoor space featuring Exhibit Pavilions, Welcome Pavilion, Desert Great Room, Administrative Spaces, and Back of House spaces. Exterior spaces include terraces, dining areas, a 200-seat amphitheater and other public spaces, for a total of 70,700 square feet. In place or under construction are 341 parking spaces for the Gateway; 428 spaces are planned for DDC; and, 101 additional spaces can be developed for either or both if necessary. A separate study conducted by the City of Scottsdale will confirm the final parking needs and the appropriate parking layout. Based on the site, and the parking space plan, opportunities for parking mitigation, and the upcoming detailed parking planning process, it is assumed that there will be sufficient on-site parking for DDC.

Resident Market

The resident market for a destination such as the DDC is defined as the area whose residents would visit the DDC as part of a day-trip. The overall Resident Market Area for the proposed DDC is defined as the area surrounding Scottsdale within Arizona, extending to about 75 miles away from the planned site. Within this overall Resident Market Area, Primary, Secondary and Tertiary Market segments are defined as follows:

- ◆ **Primary Resident Market Area:** City of Scottsdale, Arizona.
- ◆ **Secondary Resident Market Area:** Area within a 30-minute drive of the intersection at East Bell Road and North Thompson Peak Parkway in Scottsdale, not including the Primary Resident Market Area.
- ◆ **Tertiary Resident Market Area:** Phoenix Metropolitan Area (Maricopa and Pinal Counties) not including the Primary and Secondary Resident Market Areas.

The overall Resident Market Area population is projected to increase between 2009 and 2014 by 14.8 percent, from 4,344,200 to 5,000,100. This growth trend will increase the size of the markets available for the proposed DDC. The demographic characteristics of the Resident Market Areas include moderately high household income levels, a similar age profile to the United States as a whole, and a large population of school-age children. In all, there were an estimated 885,100 school age children in 2009 in the Resident Market Area, a number that is projected to increase by 17 percent, to approximately 1,035,700 by 2014. The median household income in the overall Resident Market Area is somewhat higher than those of the State of Arizona and the U.S. as a whole. While this indicates a significant number of households that can afford to visit a conservation and education destination such as the proposed DDC, care should be taken in planning ticket price ranges to be affordable to all economic levels in the Resident Market Areas. Overall, these population and income level data are good indicators for resident market visitation to the proposed DDC.

Tourism Market

Tourism is an important component of the Arizona economy, with over \$18.5 billion in visitor expenditures in 2008. Scottsdale is an important tourism destination in Central Arizona, known for its spas, resorts, golf course, art galleries and shopping destinations, as well as rich desert scenery. While Scottsdale only has 5 percent of the region's population, Scottsdale's Hotel Market Area contains about 27 percent of the Phoenix Metro Area's hotel and motel rooms. The Scottsdale Market Area had more than 75 resorts and hotels, with over 16,200 rooms in 2008. As a major new destination, the proposed DDC has the potential to draw visitation from tourists in Scottsdale, as well as tourists staying in other locations throughout the Phoenix Metro Area/Central Arizona. In addition the DDC's focus on desert ecology and the natural world, as well as its close proximity to primary loop highway (US 101) in the region, may draw visitors passing through the area en route to natural destinations throughout the state.

In 2008, the Scottsdale Market Area hosted 8.1 million visitors, comprised of 6.9 million (85 percent) day visitors and 1.2 million (15 percent) hotel visitors. The economic impact of these visitors was an estimated \$3.6 billion. Day visitors are currently defined as a proportion of total visitors to the Phoenix Metro Area, approximately 15.0 million in 2008, according to the Arizona Office of Tourism.

Due to their close proximity and length of stay, hotel visitors in the Scottsdale Market Area are good candidates for DDC visit. Therefore, the quality of the visitor experience at DDC should appeal to the typical Scottsdale visitor. Scottsdale tourists tend to be older, with higher incomes than the average Central Arizona visitor. Scottsdale visitors are well traveled, technologically connected, environmentally conscious, interested in other cultures, and enjoy sport/exercise. The DDC has the potential to appeal to the lifestyles and attitudes exhibited by Scottsdale visitors. Approximately 40 percent participate in outdoor activities—they also participate in other arts-related, cultural and heritage activities at rates greater than 50 percent. Many of the fine resorts in Scottsdale are located in close proximity to the DDC, creating an opportunity for shuttle service to and from the DDC, as well as guided experiences.

Phoenix Area Attractions

The Phoenix Metro Area, which includes Scottsdale, offers many popular attractions, professional sports teams, major shopping malls, outdoor recreation, and a substantial accommodations base. In addition, there are a number of cultural and nature based destinations, including museums, parks, educational attractions, and historic sites. However, for a metropolitan area with over 4.3 million in population that is rapidly growing, there are few cultural and nature based destinations that achieve high levels of attendance, which would indicate that there is room to grow within the market. Attendance at the top tourist attractions in Phoenix Metro Area ranges up to nearly 1.5 million at the Phoenix Zoo. There are five cultural/nature based destinations that draw an estimated 200,000 to 400,000 visitors annually, including the World Wildlife Zoo and Aquarium, Desert Botanical Garden, Arizona Science Center, the Heard Museum, and Phoenix Art Museum. Opened in April 2010, the Musical Instrument Museum is projected to have an annual attendance of 250,000. Taliesin West in Scottsdale has an annual (2008) attendance of 88,000.

Ticket prices at local facilities vary greatly, from \$2.00 at some of the smaller venues to \$16.00 at the Zoo, with the most popular attractions generally charging \$10.00-\$15.00 for adult admission. Ticket prices at the DDC should be in line with other attractions in the Phoenix Metro Area.

Case Studies of Conservation and Education Destinations

To inform the DDC plan, case studies of seven national conservation and education destinations were prepared. While there are no exactly comparable facilities to the DDC, the case studies the detailed analyses identified the following success factors for facilities of this type.

- ◆ Image able, unique setting that is well located for accessibility.
- ◆ Outstanding facility that highlights its setting and interpretive programming. Newer facilities are “green” and/or LEED certified.
- ◆ Staying true to the mission of the facility.
- ◆ High quality, immersive exhibits that tell a story.
- ◆ Exciting, changing exhibits that bring in new and returning audience.
- ◆ Special events and festivals that appeal to a wide demographic.
- ◆ Aggressive marketing that promotes the facility, its exhibits and special programming.
- ◆ Competitive ticket pricing.
- ◆ Strong educational programs for adults, children, families, and school groups.
- ◆ Appropriate staffing.
- ◆ Cost controls and careful operational planning.
- ◆ Retail, food service and other guest services that allow visitors to spend more time and dollars at the facility.
- ◆ Public/private partnerships that allow for membership and donor opportunities.

Primary Market Research

Direct input from potential resident and tourist market visitors provides important insights into the design process, the operating plan and to attendance potential at the DDC. Two primary market research protocols were undertaken. First were focus groups of Scottsdale residents and of other Phoenix area residents. These provided qualitative insights to the project and helped to provide information for the second research protocol. Next was an online quantitative survey of past and potential future Scottsdale tourists, Scottsdale residents and of other Phoenix area residents.

Key findings of the focus groups include:

- ◆ When prompted, participants display interest and concern about the desert environment. Many are keenly aware of the uniqueness of the desert environment in which they live. They are concerned with its preservation in a natural state and the impact that development has had on it.

- ◆ Participants are very positive about integrating the built environment into the pristine Sonoran Desert setting, creating a green and sustainable preserve, and celebrating the beauty of the Sonoran Desert.
- ◆ All participants expressed positive to extremely positive perceptions toward the DDC concept as presented in the focus groups. Most were excited about the prospect of the DDC project and all were supportive of the plan as presented. No serious reservations about any aspect of the plan were raised. In the end, public support and success of the project will be based on providing the “world-class” offering promised and presented.
- ◆ An admission price of \$20-\$25 dollars is implied from the responses of these 19 participants to a survey administered at the end of the focus groups.

A statistically valid online survey was conducted. The survey investigated consumer attitudes toward the Sonoran Desert, the McDowell Sonoran Preserve and the DDC concept. Interest in attending, repeat visitation potential, interest in food service and retail, ticket pricing and other specific DDC project issues were investigated in detail. The survey included 698 representative individuals from the following groups:

◆ Scottsdale Residents	122 in Sample
◆ Greater Phoenix Residents	103
◆ Non Residents (tourists)	<u>473</u>
◆ Total	698

Overall Response

- ◆ There is substantial agreement about the desirability of a Desert Discovery Center (DDC).
- ◆ The size and scope of the proposed DDC is about right for 75-90% of respondents whether for the desert location, the City of Scottsdale, or the Greater Phoenix Scottsdale Area.
- ◆ More than 80% of respondents find the indoor/outdoor layout and the overall "vision" for the Desert Discovery Center desirable. More than one-third say it is "very desirable".

Exhibits and Attractions

- ◆ About 70-80% of respondents say an immersive experience is "very desirable" or “desirable” for the proposed
- ◆ Eighty to ninety percent (80-90%) of respondents say all five exhibits tested are desirable, with 30-50% saying "very desirable."

Attendance

- ◆ Sixty percent (60%) of Scottsdale residents and 40% of Phoenix area residents are more than “likely” to visit over the course of a year.
- ◆ Tourists/visitors (30%) are at least “likely” or “very likely” to visit DDC during their Scottsdale trip.
- ◆ Keeping with the goals for DDC, 55-60% of locals say DDC is "very desirable for school outings and educational programs.”

Usage and Pricing

- ◆ Food and beverage service should be included in the DDC according to the majority of respondents.
- ◆ More than 50% say DDC is a desirable setting for social events like weddings and parties.
- ◆ Respondents like the idea of family pricing, annual memberships, and season passes.
- ◆ Admission prices lower than \$9.00 are counterproductive and above \$20.00 are too high (i.e., begins to be too high) for the proposed Desert Discovery Center. The results reflect consumer expectations and perceptions of price-value, and do not necessarily reflect the optimum pricing from the perspective of economic sustainability.

Attendance Potential

Based on the market research and analysis undertaken and the high-quality visitor experience proposed a preliminary range of attendance potential for the DDC has been established. Attendance potential at the DDC in a stable year is estimated at 264,000 to 403,000, with a mid-range “best estimate” of 333,000.

In addition to visitors to the interpretive areas, it is anticipated that there will be considerable regular use of the non-paid components of the DDC such as the proposed café, information desk, retail and veranda areas by local residents and Scottsdale tourists. This would generally be in conjunction with hiking and other use of the overall McDowell Sonoran Preserve.

Governance and Organization Structure

Successful operation and achieving the goals and mission of a complex facility and organization such as the DDC will require an appropriate governance structure and operational plan. Moving forward, establishing the governance structure and organization plan for the development and operation of the DDC is critical to project success.

This plan assumes that the City retains legal title to the land and buildings. Due to the need to ensure the appropriate operation of DDC within the McDowell Sonoran Preserve, it is also assumed that the City maintains, at a minimum, oversight of DDC operations and recourse to correct violations of key conservation, ecological and operational issues. Three illustrative organization and operations structures for the Desert Discovery Center (DDC) are outlined below. These represent a spectrum, ranging from full-City operation to full private not-for-profit operation. There could of course be variations to these governance and organization structures.

1. City Operation - All aspects of DDC operations are provided by the City including facility, exhibits, programming and events. An advisory board and/or a private “friends of the DDC” type support group might be established. There may be formal ties to existing conservation and community organizations as well, and/or other partnerships.
2. Programming Partner - The City operates and maintains the DDC facility and grounds and is responsible for capital repairs, and grounds maintenance, etc. A contracted private not-for-profit organization provides education programs, experiences, exhibits, interpretation, marketing and public interface. The programming partner might be responsible for

reinvestment in exhibits and public areas. There may be formal ties to existing conservation organizations as well.

3. Independent operator - The City enters into a long-term lease with a private not-for-profit operator for the facility. The private partner would be responsible for upkeep, maintenance and reinvestment of the DDC property and all ongoing operations. There would likely be performance criteria and facility use regulations applied to the independent operator. There may be formal ties to existing conservation organizations as well.

The revenue and operations plan as described herein could occur within a range of organization and operating structures. Typically, however, for facilities of this type, a public-private partnership yields superior results, and in all three of the above governance and organization structures, a form of public-private partnership is assumed. It is not the purpose of this report to resolve the governance and organization format issues for the DDC; as there is not sufficient information and public engagement to make this decision at this time. Establishing governance and operating structure will be important for DDC moving forward.

Revenue Potential

There will be substantial operating revenue potential based on the DDC's attributes and assumptions, the initial project description and its attendance potential. Three major revenue streams include:

- ◆ Directly related 50%
- ◆ Auxiliary 25%
- ◆ Contributed 25%, for baseline operating scenario only. Actual targets would be higher, based on fundraising strategy.

As does virtually all cultural, conservation and education destinations, the DDC will generate revenues from a wide variety of sources. Operational Revenue sources will include tickets, retail, food service, facility rentals and so forth; from memberships. Non-Operational Revenue sources may include endowments, grants, gifts, contributions, fund-raising events, bequests and so forth. These many revenue sources are needed to meet the institution's operating costs and to contribute to future facility re-investment and capital maintenance. The stable year Operational Revenue potential for the DDC is estimated to be approximately \$5.6 million in current dollars based on the findings and assumptions of this report. Non-Operational Revenues have been estimated at \$1.8 million in a stabilized year in current dollars (25% of total revenues). Total revenue potential for the DDC as proposed in a mid-range attendance scenario is \$7.4 million.

Operating Costs

The staffing profile for the project includes 51 full-time year-round employees, 52 part-time employees and 9 seasonal employees, for a total of 79.25 full-time equivalent positions. The total payroll for the DDC is estimated at \$3.6 million. Paid staffing can be supplemented with volunteers. Total operating costs, including personnel, budgeted expenditures for administration, marketing, exhibits, programs, utilities, maintenance, etc., plus capital reserves, is estimated at approximately \$7.4 million in a stable year and in current dollar value.

Operating Potential Summary

Based on the analysis in this report, the DDC has the potential to operate successfully over time, if the assumptions regarding quality of facility development, operations and annual fundraising are met. This project will derive substantial income from tickets, retail, food service, facility rentals, memberships and programs; however, active and successful fundraising is vital to sustain the DDC. In this scenario, the DDC earns about 75 percent of the revenues needed to support the facility's operating costs. This is a strong rate for a successful, well-run facility of this scale and type, and reflects the outstanding site, the attractive facility plan, and the organizational profile and expense budgets as outlined herein.

In addition to the DDC's substantial capacity to generate Operational Revenues, the DDC, like virtually all not-for-profit institutions of its type, will need to secure Non-Operational Revenues to sustain operations. The Non-Operational Revenues target has been set only at the level needed to cover the operating expenses of the plan. The Non-Operational Revenues assumed in this plan are well within the experience of other major conservation and education destinations nationally and in the Phoenix Metro Area. In reality, the DDC would set higher targets for Non-Operational Revenues in order to expand programs, build endowment, reinvest in the facility and increase financial reserves to mitigate any variances from Operational Revenue plans. A directed set of fundraising and giving programs will help to accomplish this goal.

There is a \$6.3 million cash operating reserve planned as part of the project's initial capital cost that would be available for any contingencies, as well as to provide funding should fundamental shifts in the organization's structure be necessary to reach a new equilibrium between revenue sources and operating costs. The amount of the cash operating reserve is equal to a full year's operating budget not including retail cost of goods sold and contributions to capital reserve accounts.

Sensitivity Analysis

A sensitivity analysis at the low end of the attendance potential range (264,000 visitors in stable year) was prepared. The Operational Revenue potential at the low attendance range is \$4.4 million in stable year in current dollars, and non-Operational Revenue target of \$2.2 million. In this scenario, operating expenses were adjusted downward to reflect the lower attendance and a leaner organization operating profile. Operational Revenues cover approximately 66 percent of the \$6.7 million operating expenses appropriate for the Low Attendance Range Sensitivity Analysis. This sensitivity analysis indicates that at a low range market response, there should be good opportunity to adjust operations and raise additional funds to operate DDC successfully.

Preliminary Pre-Opening Operating Plan

In addition to design, permitting, building construction, exhibits design, fabrication and installation, and furniture, fixtures and equipment; the development costs for an organization such as DDC include, in part, costs associated with the following:

- ◆ Development administration
- ◆ Fundraising and financing
- ◆ Project management, business planning, legal and other professional services

- ◆ Additional staff recruitment and training
- ◆ Administrative costs
- ◆ Pre-opening marketing and outreach
- ◆ Gift shop (initial stock)
- ◆ Temporary work space for new employees and those displaced during construction
- ◆ Pre-opening building operations after the building has its occupancy permits but before grand opening
- ◆ Funds to secure any travelling or special exhibits in place at grand opening
- ◆ Additional financial reserves given the increased organizational scale
- ◆ Pre-opening gala & events
- ◆ Operating reserves and endowment

A development period assumed to require 3.5 years to grand opening. This development period is a preliminary placeholder for this early analysis but is typical for a project of this type and scale. The design, permitting, construction and other building specific expenditures will be based on final design and future conditions. However, an initial estimate of the project's timeline and order-of-magnitude pre-opening costs is useful to the planning process. The identified pre-opening operating costs are estimated at \$6.1 million in the value of the dollar in the year they are planned to be expended plus an additional \$6.3 million for operating reserves in future dollars. These would be part of the DDC's initial capital cost. This provides an indication of the actual dollar amount needed for this component of the overall development plan. As project planning moves forward, the pre-opening operating plan should be revisited and refined.

Preliminary Marketing Strategy

The marketing, advertising and public relations elements of the marketing program – during all phases – must not only describe the quality of the planned attraction, but also create excitement among residents, potential visitors, media, and potential funders, sponsors, and marketing partners. It will be an early action task to formally develop the DDC “Brand” and to use this Brand in informing future marketing and project development. The DDC website will be the information portal for most people regarding a visit to the DDC and regarding its important interpretive themes. It should be well designed at inception and well maintained to provide the public with updates on all that is happening at the DDC; and content related to DDC that draws visitors to learn more about the DDC and the desert environment it interprets. The advancement of the DDC marketing plan will occur in tandem with the advancement of overall project planning and implementation.

Project Planning and Decision-Making- Recommended Next Steps

Following are recommended next steps in the development process. These may not occur sequentially. These steps should be coordinated with committee recommendations.

1. Fundraising Capacity

Project leadership in conjunction with community to evaluate funding capacity (possibly with assistance of fund raising counsel):

- ◆ Investigate fund raising capacity for project development - conduct a fundraising feasibility study for initial capital contributions and for ongoing contributed support.
- ◆ Investigate ongoing operating support options from various public and private sources.

2. Professional Staffing

Engage professionals to manage the subsequent planning process for the DDC.

3. Concept Refinement

Refine DDC planning and design according to the design process established by Swaback Partners. This would include exhibits, visitor experience, building size and design opportunities, site plan and operations plans as well as corresponding capital costs and ongoing operating costs.

4. Project Leadership/ Governance Options

Consider governance options and engage community to support DDC project.

5. Operating and Business Plan

Refine on an ongoing basis the operating plan for DDC as presented herein. This would be based on refinements to the DDC plan, new information and plans for project capital and ongoing funding, and changes in the economic environment. Consider evaluating project economic impacts and community benefits.

6. Capital Cost Analysis

Refine capital costs as planning moves forward.

7. Select Preferred DDC Scenario

City Council and Project Leadership to choose preferred DDC governance scenario based on the refined options, economic and community benefits of the options, project capital and ongoing costs, and community resources and preferences.

8. Project Leadership to Engage Fundraising Counsel if not already Engaged

9. Final Planning and Construction

Project leadership to continue to involve community and engage design team to finalize planning of the DDC:

- ◆ Hire DDC staff needed for final planning and construction phase.

- ◆ Begin and undertake capital campaign.
- ◆ Refine exhibits, building and site plans moving in subsequent phases of work to design documents.
- ◆ Refine business plan.
- ◆ Undertake approvals process.

10. DDC Construction

11. DDC Opening

Section I

INTRODUCTION AND ASSUMPTIONS

This report presents the preliminary business plan for the Desert Discovery Center (DDC) to be located at the McDowell Sonoran Preserve Gateway in Scottsdale, Arizona. The DDC business plan reflects the DDC concept, interpretive plans, architectural concept, project scale and target capital cost and relationship of the DDC to its site and the overall McDowell Sonoran Preserve. The full design analyses and concepts are under separate cover, and are the specific project concept that this business plan is based on. The business plan also reflects input received from the DDC design team and the DDC oversight committee. A summary of the primary market research undertaken in support of project planning is included, with the full primary market research studies in the report appendices.

The research and analysis undertaken in preparing this DDC business plan included:

- ◆ Review of DDC objectives and concepts.
- ◆ Review of previous analyses and studies of the proposed DDC.
- ◆ Analyzed the resident and tourist market available to support the DDC;
- ◆ Evaluate, from a market and operating perspective, the site and facility concepts
- ◆ Research and prepare case studies of regional and national education and conservation destinations and children's and family oriented museums;
- ◆ Test the DDC interpretive, design and operating concepts through primary market research (the primary market research tested both tourist and resident markets);
- ◆ Evaluate alternative governance and operating approaches for the DDC;
- ◆ Analyze the attendance potential of the DDC as currently planned;
- ◆ Estimate the Operational Revenue potential of the DDC concept as proposed given its attendance potential and operating plan;
- ◆ Prepare a personnel plan and pro-forma operating budgets commensurate with the DDC's operating opportunity and to support DDC's success and fulfillment of its mission and objectives;
- ◆ Identify the appropriate amounts of Non-Operational Revenues revenues to be targeted to support planned operations, achieve operating success and fulfill DDC mission and objectives;
- ◆ Summarize marketing considerations for the DDC;
- ◆ Prepare a low-range sensitivity analysis; and,

- ◆ Prepare a pre-opening organization capital budget estimate.

The DDC design team and the oversight committee were consulted with on an ongoing basis, and this business plan reflects their substantial input and review. In turn, the design process was informed by the ongoing research, analyses, findings and recommendations of this business plan.

Study Assumptions

The following assumptions were made in preparing this report. This study is qualified in its entirety by the following.

1. The analyses and operating plan developed in this report assume the following. The size and design of the DDC will be appropriate to its market potential, and will serve to create a high-quality, stimulating conservation and education destination with broad-based audience appeal to the resident and tourist markets; and will have a distinctive image as described herein. The DDC will be competently and effectively managed. An appropriate promotional campaign for the DDC will be developed and implemented. This program will be targeted to prime resident and visitor markets. The admission prices for the facility will be consistent with the educational and entertainment value offered.
2. There will be no physical constraints to impede visitors to the facility, such as major construction activity. Changes in economic and social conditions due to events including, but not limited to, economic recessions, major environmental problems or disasters, issues on nearby or adjacent properties etc. that would negatively affect operations and visitation may affect the results of the findings in this study, including operating potential estimates.
3. Every reasonable effort has been made in order that the data contained in this study reflect the most accurate and timely information possible and it is believed to be reliable. This study is based on estimates, assumptions and other information developed by ConsultEcon, Inc., from its independent research efforts, general knowledge of the industry, and consultations with the client group. No responsibility is assumed for inaccuracies in reporting by the client, its agents and representatives, or any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this study will actually be achieved. There will usually be differences between forecasted or projected results and actual results because events and circumstances usually do not occur as expected. Other factors not considered in the study may influence actual results.
4. Possession of this report does not carry with it the right of publication. This report will be presented to third parties in its entirety or through the Executive Summary. This report may not be used for any purpose other than that for which it was prepared, and is expressly for the exclusive use of the City of Scottsdale.
5. The research and analyses contained in this report reflect the advancement of the DDC design plan and exhibit plan as advanced to date, as well as the operational plans contained herein. Substantial further refinement of the overall project will occur. This will include all of the design elements and operating plan as well as new planning for on-site programming,

commercial aspects of DDC, governance, fundraising, and other necessary planning. As these advancements in the DDC development process occur, the economic analyses and business plans contained herein will need to be refined.

6. Outputs of computer models used in this report are rounded. These outputs may therefore slightly affect totals and summaries. This report was prepared in March through August 2010. It represents data available at that time.

Section II

SITE EVALUATION

This section reviews the proposed DDC site from a market perspective. Essential aspects of the market potential of a conservation and education destination are its location, accessibility, visibility, adjacent uses, and site size and quality. Following is a summary of these factors as they relate to the proposed DDC.

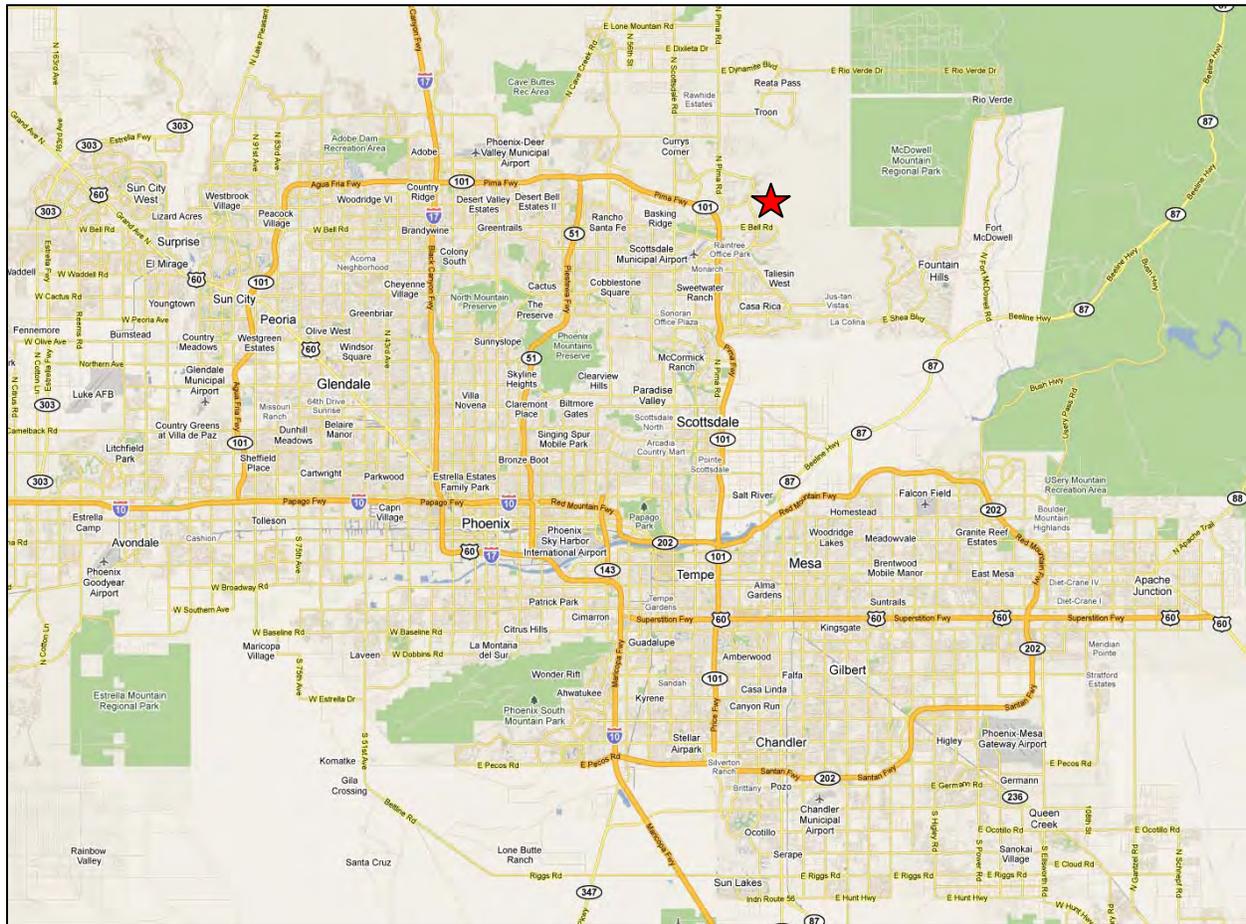
Regional Context

The proposed DDC will be located in Scottsdale, a city in the Phoenix Metropolitan Area in central Arizona. Scottsdale currently has a population of approximately 237,000¹. The estimated metropolitan area population in the “Valley of the Sun” exceeds 4.3 million people, with projected population of 5 million by 2014.

Figure II-1 is a street map of the Phoenix region. The Phoenix metro area is served by major highways running east-west and north-south through the middle of Phoenix -- Interstate 10 and Interstate 17-- as well as near concentric highways composed of Loop Routes 101, 202 and 303. The red star shows the location of the DDC site at McDowell Sonoran Preserve. This site has easy accessibility within Scottsdale and the overall metro area. In particular, Ring highway 101 provides highway access to all areas of the metro area and from the interstate highway system.

¹ Estimated 2009 population; source: Claritas, Inc.

Figure II-1
Regional Accessibility in Phoenix Metropolitan Area



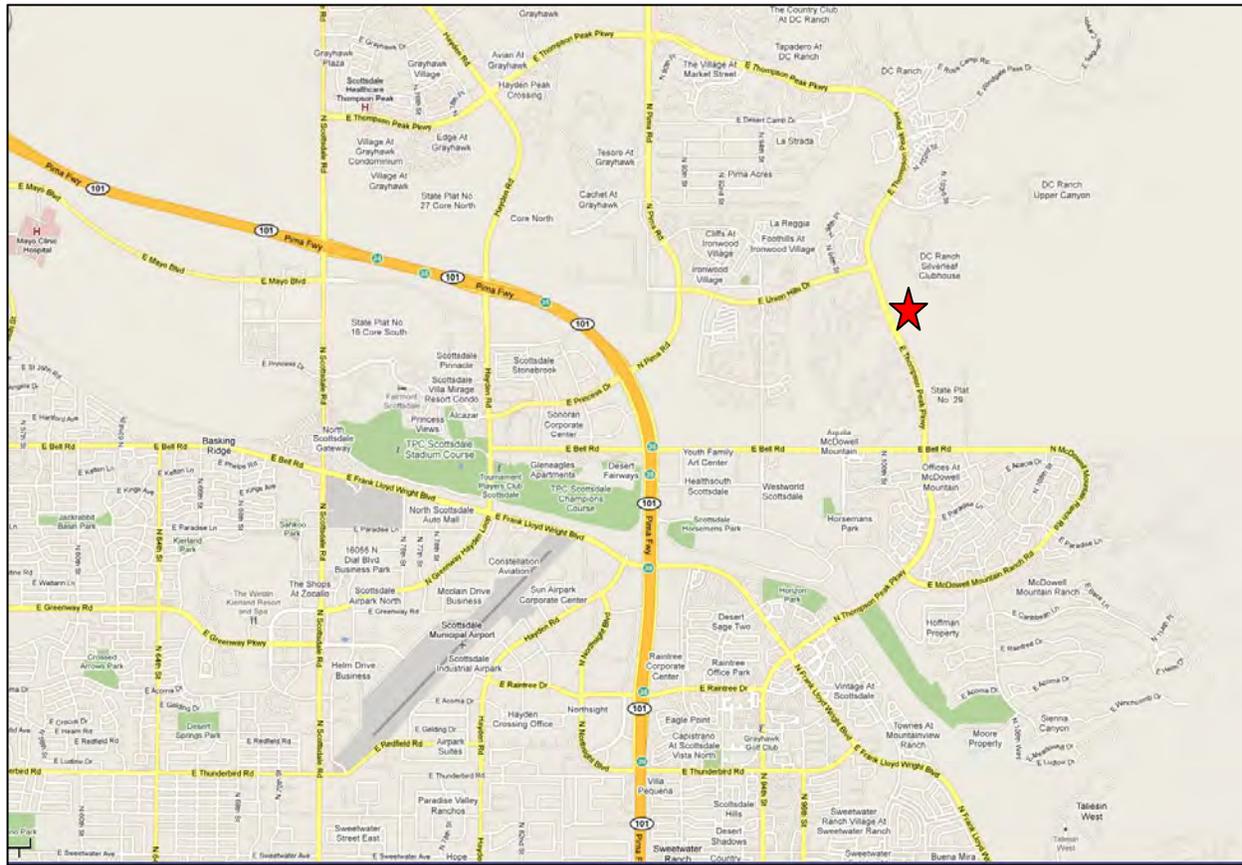
Source: Mapquest.com.

Location

Figure II-2 provides a street map of the Scottsdale area. The proposed DDC site is situated northeast of the intersection of Thompson Peak Parkway and Bell Rd. The intersection is approximately 1 mile from Exit 14 (Bell Rd.) on Route 101, the major north-south limited access thoroughfare to and through Scottsdale that provides connections to all major routes that traverse the metropolitan area.

The proposed DDC site is part of a larger area that has been identified as the Gateway to the McDowell Sonoran Preserve. In addition to the proposed DDC, this area will contain the largest public access, in terms of the range of amenities and trails provided, in the McDowell Sonoran Preserve.

Figure II-2
Map of Location of Proposed Desert Discovery Center



Source: Mapquest.com.

McDowell Sonoran Preserve Location

Figure II-3 is a map of the McDowell Sonoran Preserve. The McDowell Sonoran Preserve contains recreational trails for walkers, hikers, runners, and equestrians that are also included on this map. The location of the DDC at the McDowell Sonoran Preserve principal Gateway location will be an important aspect of its visibility and will increase public awareness of the facility.

Accessibility

The site is accessible by vehicle from Thompson Peak Parkway. A major circumferential highway and primary high-speed route to and through Scottsdale, Route 101, exits onto Bell Road, approximately 1 mile from the Preserve Gateway and proposed DDC site. The site is easily accessible by vehicle to residents from the Phoenix metro area, as well as visitors from outside the region that may be less familiar with the area. The primary commercial airport in the region, Sky Harbor Airport, is approximately 20 minutes from the site, contributing to Scottsdale's status as a visitor destination.

Visibility

The site is located along Thompson Peak Parkway. Thompson Peak Parkway is one of the few north-south thoroughfares in this part of Scottsdale. Data in **Table II-1** provides recent traffic patterns on SR 101.

Table II-1
Traffic Patterns on SR 101 in Scottsdale

SR101 Traffic Log 2003-2008

	2003	2006	2007	2008
Exit 12-14	80,500	135,000	112,000	107,000
Exit 15-14	70,100	122,000	127,000	122,000

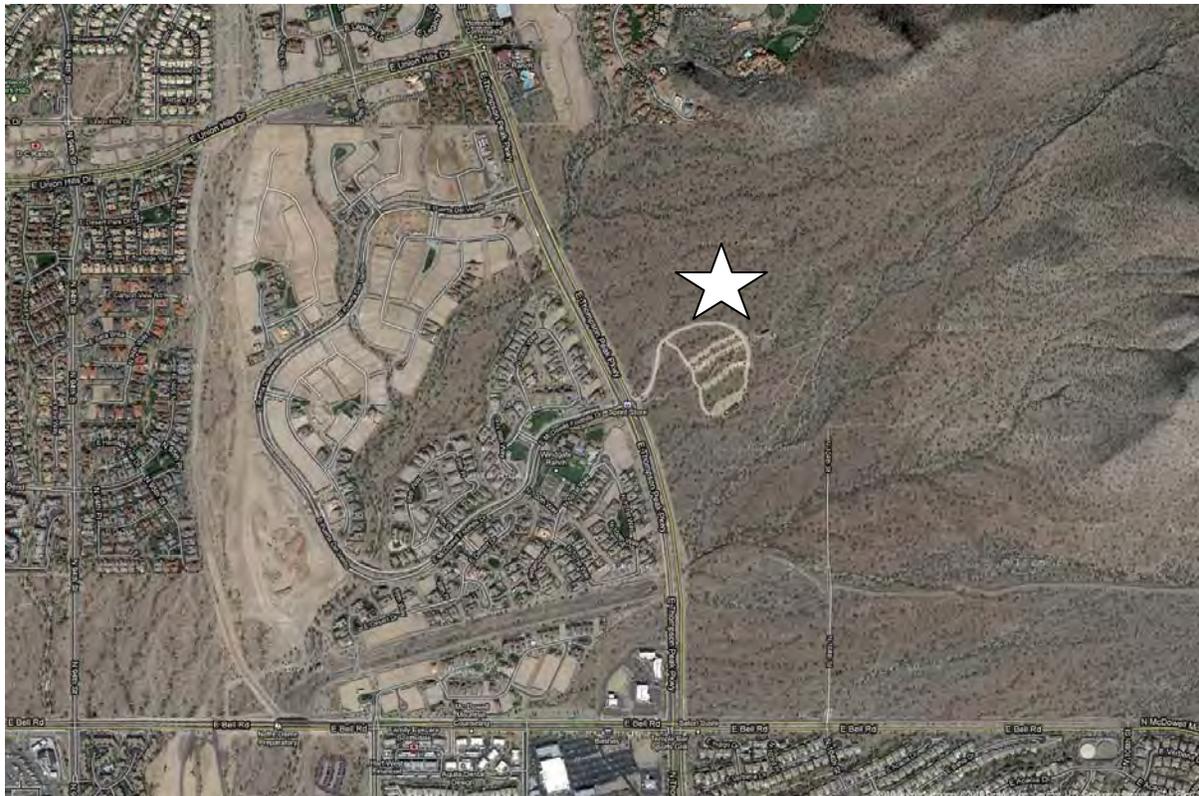
Source: State of Arizona

According to traffic data from the Arizona Department of Transportation, State Route 101 average annual daily traffic (AADT) counts have increased overall since 2003. In the highway segment between Exit 12 and Exit 14 (Bell Rd.), AADT increased 61.5 percent from 80,500 to 130,000 between 2003 and 2006. From 2006 to 2008, however, AADT in this segment decreased nearly 21% from 135,000 to 107,000. The highway segment between Exit 15 and Exit 14 (Bell Rd.) showed a relatively similar trend, with AADT increasing 42.5 percent from 70,100 to 122,000 between 2003 and 2006, but remaining at 122,000 through 2008. Local officials attribute this reduction in AADT to effects of the country's recession, which have led to fewer new residents and employees and also less construction. It was also noted that this trend has been seen throughout Scottsdale over the past few years, but the AADT is expected to rebound. Even with the effects of

the recession, AADT in the highway segment between Exit 12 and Exit 14 has increased approximately 33 percent from 2003 to 2008 and AADT in the highway segment between Exit 15 and Exit 14 has increased 42.5 percent in that same period. The proposed DDC's visibility can be heightened among travelers with permissible roadway signage.

Figure II-4 is an aerial view of the Gateway to the McDowell Sonoran Preserve site northeast of the Thompson Peak Parkway and Bell Road intersection. This is the DDC location.

Figure II-4
Aerial View of Proposed Desert Discovery Center Site

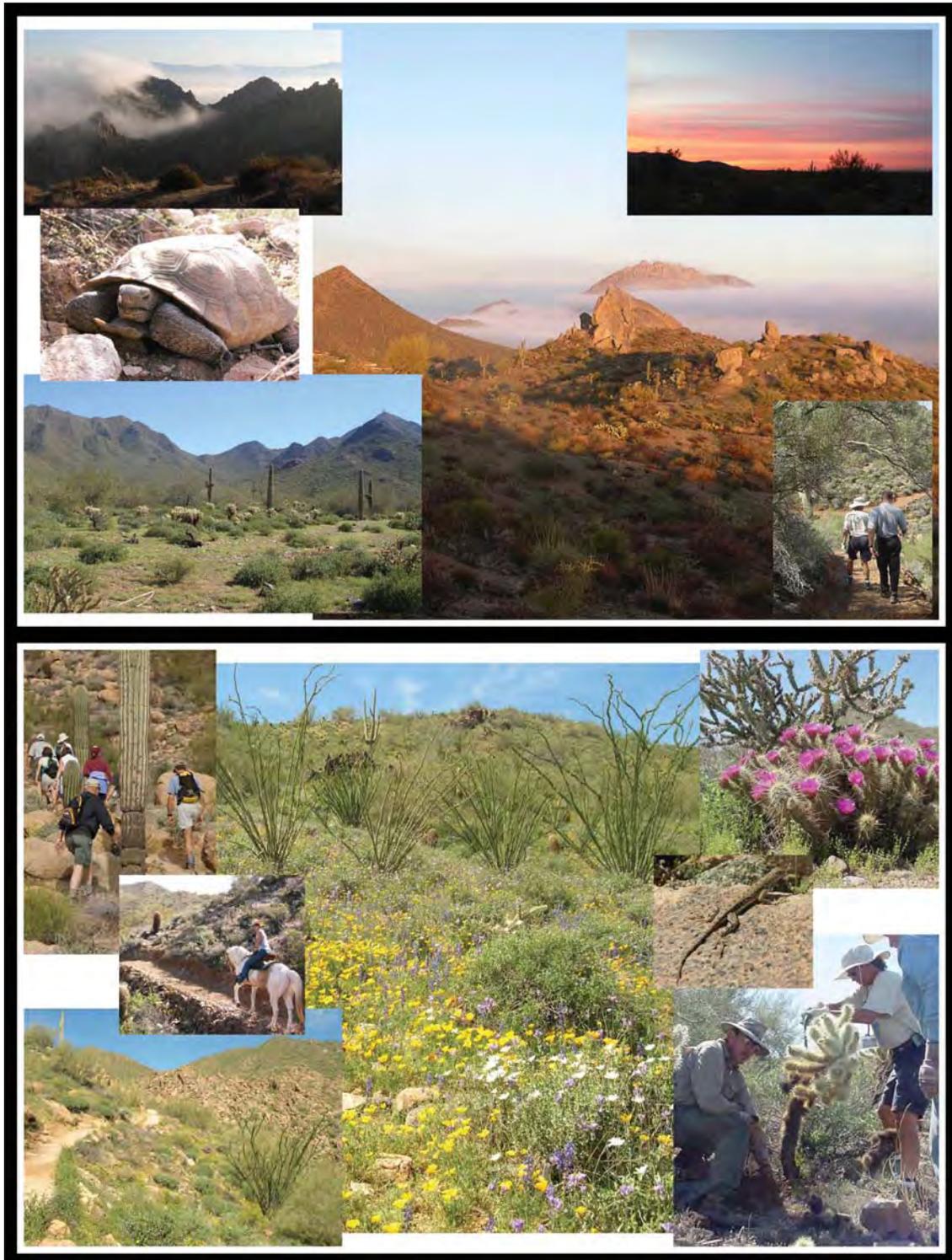


Source: Mapquest.com.

McDowell Sonoran Preserve Setting

Figure II-5 provides a collage of images that represent the natural beauty of the McDowell Sonoran Preserve. The quality of the Preserve is an important aspect of the market potential of the DDC and in turn, the DDC will be interpreting the natural qualities and characteristics of the Preserve.

Figure II-5
Depictions of the McDowell Sonoran Preserve



Source: City of Scottsdale

Site Size and Quality

The McDowell Sonoran Preserve currently encompasses about 16,000 acres of mountains and desert land that encompass the McDowell Mountains and land north of the mountains connecting to the Tonto National Forest. Major expansions in Preserve acreage are proposed. The DDC site in the Gateway is situated at the foot of the McDowell mountains, with direct views of the McDowell Mountains in one direction (see **Figure II-6**), and views over the Phoenix urban area in the other (see **Figure II-7**). This will provide a dramatic contrast of views between natural desert and urban environments.

Figure II-6
View East from Proposed Desert Discovery Center Building Location



Source: ConsultEcon, Inc.

Figure II-7
View West from Proposed Desert Discovery Center Building Location



Source: ConsultEcon, Inc.

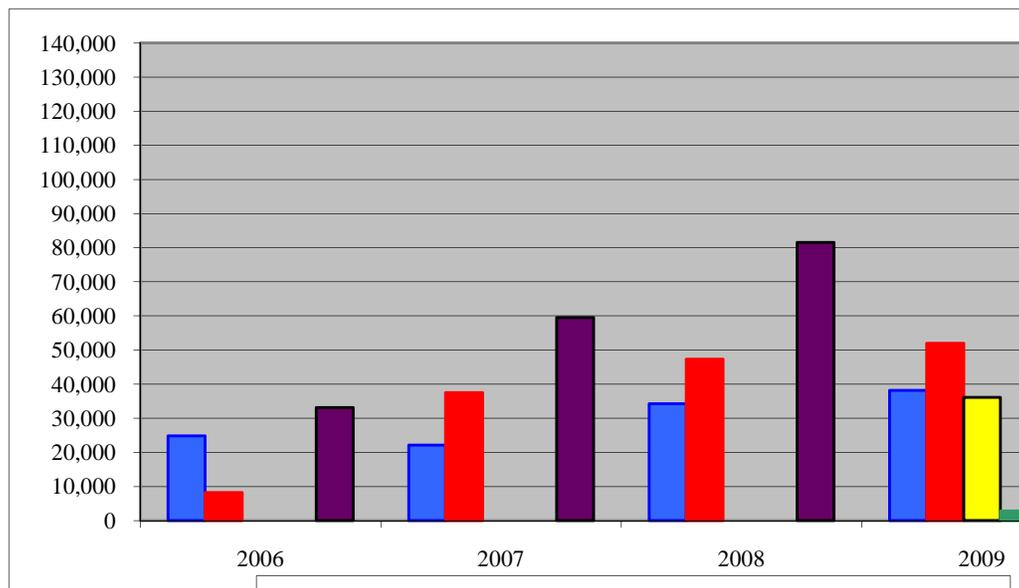
Adjacent Uses

The primary adjacent use of the proposed DDC is the McDowell Sonoran Preserve as described above, 16,000 acres of Sonoran Desert that is to remain in a natural state for perpetuity. There are plans to increase the Preserve to over 30,000 acres. Residential uses lie to the west and south of the site, across Thompson Peak Parkway and Bell Road, respectively, and a mix of uses including resorts are located to the north.

McDowell Sonoran Preserve Current Trail Use Pattern

The McDowell Sonoran Preserve is already a very popular and well-used outdoor resource. Since its initial opening in 2005, the number of visitors to the McDowell Sonoran Preserve has grown continuously. Trail usage has increased 290% from 33,104 visitors in calendar year 2006 to 129,030 in calendar year 2009². From January through April 2010, there were 98,676 visitors, a 119% increase from the 45,061 visitors in the same months of 2009. There were more users in the first four months of 2010 than in all of 2008. **Figure II-8** depicts the usage pattern for calendar years 2006-2009.

**Figure II-8
Total Trail Count by Calendar Year**



Source: City of Scottsdale

² The McDowell Sonoran Preserve calculates its attendance with electronic trail counters. The data represents the findings of the trail counters, with estimations made for the months in which the instruments did not function properly. The figures also under-represent the actual number of visitors, as the counter cannot distinguish a group with no space between them from a single individual.

Data in **Table II-2** provides annual usage patterns for each of the trails. It should be noted that the 2005 data is for the months of July through December only and the 2010 data is for the months of January through April only.

Table II-2
Total Trail Count by Calendar Year
McDowell Sonoran Preserve Trails

	Sunrise	Lost Dog	Gateway	Tom's Thumb	Total
2005 ^{1/}	8,668	0	0	0	8,668
2006	24,855	8,249	0	0	33,104
2007	22,088	37,482	0	0	59,570
2008	34,286	47,296	0	0	81,582
2009 ^{2/}	38,161	51,991	36,105	2,773	129,030
2010 ^{3/}	18,298	26,664	48,443	6,797	100,202

^{1/} Data for July 1 - Dec. 31

^{2/} Data for Gateway from May 1- Dec. 31; for Tom's Thumb Oct. 1 - Dec. 31

^{3/} Data for January 1 - April 31

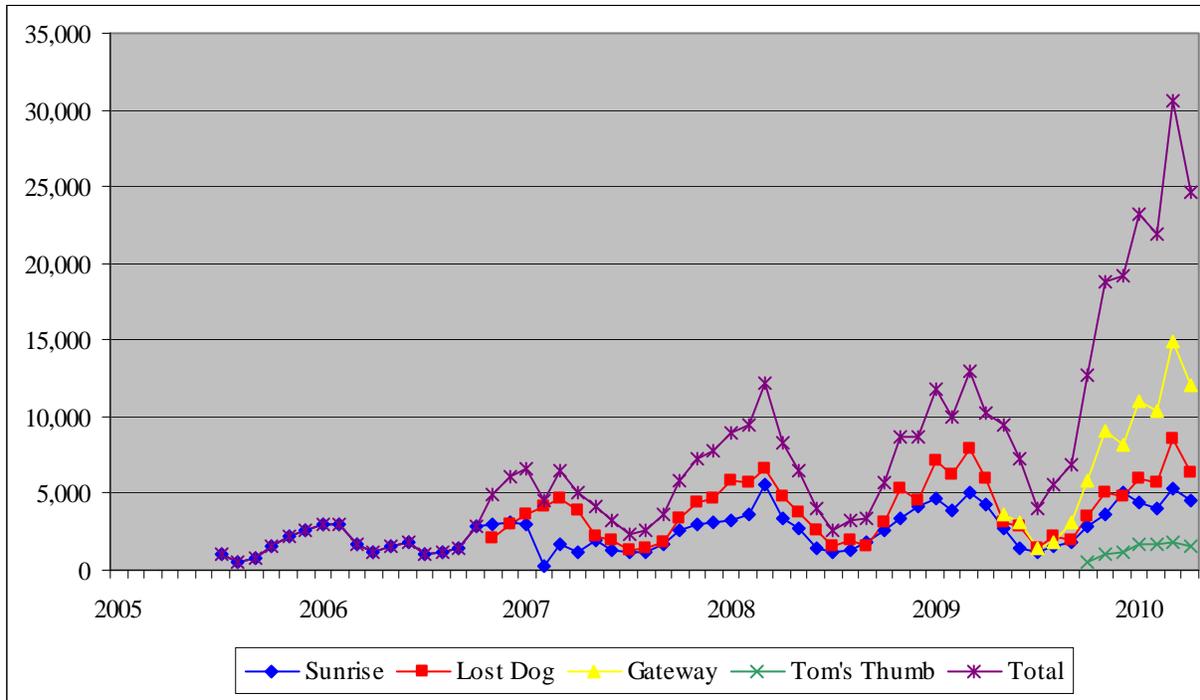
Source: City of Scottsdale

The most relevant available annualized data is for the 12 month period in which the Gateway has been opened in May 2009. From May 2009 through April 2010, the Preserve had 182,645 visits a substantial increase over the previous 12 months. The opening of the Gateway Trailhead increased usage patterns substantially. The Gateway represented approximately 46% of all visits during this time period, or 84,548 visits.

Trail Use Seasonality

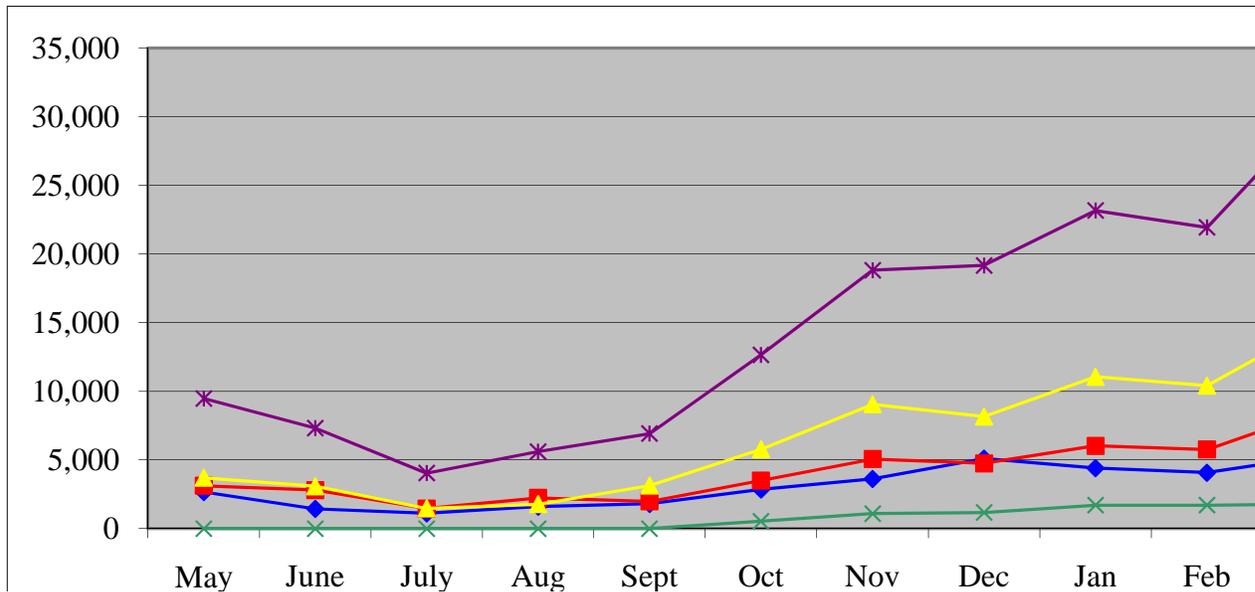
The peak season of trail use runs from approximately November to May, with the most popular month to visit the Preserve being March. The Gateway Trail has a higher seasonal variation than the other trails, with a higher percent use during the November through May period. This implies, perhaps, that the Gateway is used for more recreational purposes while other paths may be used more on a year-round basis by local residents. **Figure II-9** depicts the seasonality of the McDowell Sonoran Preserve trail use based on the monthly trail count since the Preserve's opening. **Figure II-10** provides the trail counts for the most recent twelve months that data is available.

Figure II-9
Total Trail Count by Month
McDowell Sonoran Preserve Trails



Source: City of Scottsdale

Figure II-10
Total Trail Count by Month May '09 – April '10
McDowell Sonoran Preserve Trails



Source: City of Scottsdale

Summary

The proposed DDC will be located in Scottsdale, a city in the Phoenix Metropolitan Area in central Arizona. Scottsdale currently has a population of approximately 237,000. The estimated metropolitan area population in the “Valley of the Sun” exceeds 4.3 million people, with projected population of 5 million by 2014.

The proposed DDC will be located in the Gateway to the McDowell Sonoran Preserve. The Gateway will be the largest public access area in the Preserve. The site would be easily accessible by vehicle to residents from the Phoenix metro area, as well as visitors from outside the region that may be less familiar with the area. The Phoenix metro area is served by major highways running east-west and north-south through the middle of Phoenix—Interstate 10 and Interstate 17—as well as near concentric highways composed of Loop Routes 101, 202 and 303. The proposed DDC site is situated to the northeast of the intersection of Thompson Peak Parkway and Bell Rd., approximately 1 mile from Exit 14 (Bell Rd.) on Route 101, the major north-south limited access thoroughfare to and through Scottsdale.

Adjacent uses and site size and quality are supportive of the development of a facility such as the proposed DDC. The primary adjacency of the proposed DDC is the McDowell Sonoran Preserve. The Preserve will be the central interpretive theme for the proposed DDC. Residential uses lie to the west and south of the site, across Thompson Peak Parkway and Bell Road, respectively. A mix of uses is located to the north. The proposed DDC site in the Gateway is situated at the foot of the mountains, with direct views of the McDowell Mountains in one direction and views over the Phoenix urban area in the other. This will provide a dramatic contrast of views between natural desert and urban environments.

Section III

DESERT DISCOVERY CENTER CONCEPT

This report section describes the DDC concept as currently envisioned. Following is an abbreviated project description that focuses on the underlying concept. The full concept including exhibits, landscape design, architectural design and cost estimates is included in separate documents. However, this business plan was prepared iteratively with the design and project concept, and it reflects the current DDC design and program.

Desert Discovery Center Mission that Guided this Process

The Desert Discovery Center Mission Statement as adopted to date by the DDC oversight Subcommittee is:

The **Desert Discovery Center** is a magical place providing a culture of educational wonder and recreational insights, inspiring both residents and visitors to understand, appreciate, sustain, and return to the McDowell Sonoran Preserve and the world's richest, most amazing desert, which is its home.
(Revised April 8, 2010)

This interim revised DDC Mission statement is intended to assist project leadership moving forward knowing that the DDC's mission statement may be further revised in the future.

DDC Goals

Following are interim DDC Goals as prepared for the primary market research undertaken for this plan. While these are subject to refinement as the project advances beyond the current stage of planning, for the purposes of this planning phase, they reflect the project as currently conceived.

Desert Discovery Center Goals

INCREASE

Appreciation an Understanding of the Desert and its Eco-system.

ENHANCE

Quality of Life and Tourism.

INSPIRE

Use, Enjoyment, and Conservation.

SERVE

Area Residents of Scottsdale and Greater Phoenix and their Visitors.

PROVIDE

Gateway to McDowell Sonoran Preserve,

Immersive Desert Experiences,

Educational Programs,

Superior Visitor Amenities.

Source: Swaback Partners

Architectural Narrative

The following architectural narrative was prepared by Swaback Partners as a summary to lead the architectural design process. The full architectural plan as separately documented has been the basis for this market study and business plan.

The Desert Discovery Center will be located at the primary gateway into Scottsdale's McDowell Sonoran Preserve, which offers 16,000 acres of preserve land including breathtaking mountain peaks. The Sonoran Desert is one of the most diverse and certainly one of the world's most amazing deserts.

The architecture of the Desert Discovery Center (DDC) is conceived as a world-class statement on how to sensitively integrate a built environment into its pristine Sonoran desert setting, while at the same time providing for all the educational, recreational, and social opportunities the DDC affords. The architecture will be a new benchmark of green and sustainable architecture for the desert, as well as be a celebration of the beauty of the Sonoran Desert. Conceived as a collection of indoor/outdoor desert pavilions set within lush desert landscaping, the pavilions will be connected by a series of heavily shaded courtyards to provide an oasis effect in the midst of the desert. Materials will be rugged and desert like, yet refined and all selected to blend with the desert. The various pavilions will be sculptural in nature, all reflecting the fractured geometry of their mountain backdrop. With soaring cantilevered roof forms. Some will be set low into the earth and some have soaring cantilevered roof forms. All will reflect the character of the desert. Water elements will add

to the cooling effect of the courtyards through capturing of rainwater and reusing water from the DDC.

Experiencing the DDC's various pavilions and courtyards you gain an insightful education about Scottsdale's McDowell Sonoran Mountain Preserve, as well as the Sonoran Desert. Numerous interpretative exhibits and hands-on demonstrations by Preserve docents will be contained within the courtyards and pavilions geared to all ages and all levels of interest.

An immersive theater experience will take you on an emotional journey thru the desert like no other you have ever experienced. Within the DDC, one will be able to fully experience the mysteries of the desert and the hidden worlds of the desert plant and animal life through interesting and engaging exhibit experiences. These will include experiences geared to adults as well as to children. The DDC will be a place of constantly changing presentations and events so that one gains a different experience on every visit.

The Center will be a place of community gathering and entertainment.

- ◆ A restaurant/and cafe will be featured with a unique desert-dining garden for enjoying a fine meal, gathering for coffee after a hike or having a refreshing drink on a warm day.
- ◆ A shade covered amphitheater will feature on-going talks as well as musical entertainment all with a perfectly framed view of the majestic McDowell Mountains.
- ◆ A retail pavilion will feature a unique blend of desert related items such as gifts, hiking gear, books, desert plants, art, cd's, etc., all focused on enjoying the beauty of the desert long after your visit.
- ◆ The Desert Great Room, another community gathering place, will be a multi-purpose, architecturally unique, indoor/outdoor pavilion within the center also set with a imagistic view of the mountains that will be used for a variety of presentations, conferences and social gatherings such as weddings, parties and corporate events.

The Center will most importantly act as a gateway to explore the McDowell Sonoran Preserve, as it will be directly linked to a short interpretive path to stroll into the desert or to continue on to enjoy the miles of pathways that take you deep into the desert.

Proposed Program of Spaces

Data in **Table III-1** provides the program of spaces as prepared by Swaback Partners. This program was also the basis for this market study and business plan.

**Table III-1
Desert Discovery Center Proposed Program of Spaces**

<i>Area Description</i>	<i>Net Square Feet</i>	<i>Net %</i>	<i>Gross Square Feet</i>	<i>Notes</i>
Welcome Pavilion	2,775	4.56%	3,330	
Public Restrooms	600	0.99%	720	Locate near entry. Verify count based on final program.
Public Lockers	800	1.32%	960	
Vending	250	0.41%	300	
Concierge Station	500	0.82%	600	
Ticketing	500	0.82%	600	
Security Desk	125	0.21%	150	
Desert Great Room	10,300	16.94%	12,360	
Event Pavilion	6,300	10.36%	7,560	Serves Desert Great Room and Desert Terrace.
Catering Kitchen	2,000	3.29%	2,400	
Bar Storage	400	0.66%	480	
Restrooms	1,300	2.14%	1,560	
Lobby	300	0.49%	360	
Hospitality Pavilion	4,600	7.56%	5,520	
Sonoran Market	2,000	3.29%	2,400	Locate at facility exit, function in tandem with Café. Provide free access to general public. 80 Indoor Seats per Phase I study. Open to Desert Dining Garden with views to Preserve.
Desert Café	2,600	4.28%	3,120	
Discovery Portals	1,500	2.47%	1,800	
History of the McDowell Sonoran Preserve				Orientation Exhibit. Provides context of facility and exhibits. Story of a special place Planning an enjoyable visit
Orientation to the DDC				
Mysterious World	5,000	8.22%	6,000	75-100 Seats per BRC. Locate near Desert Great Room and Amphitheater
Seasons of the Sonoran Desert	3,500	5.76%	4,200	
Spiral Sculpture of the Seasons: A Year in the Life				A curving, walk-in sculpture that takes visitors on a tour of a year in the Preserve An interactive, raised-relief map of the of the Sonoran Desert An immersive mini-theater experience focused on geology Images of the Cacti of the Preserve, a saquaro sculpture, a learning station and inter. exhibits Images of the woody plants of the Preserve with a learning station and interactive exhibits Images of the flowering plants of the Preserve with a learning station and interactive exhibits
Many-Colored Desert				
Tom's Thumb Theater				
Cacti/Agave Gallery				
Woody Plant Gallery				
Herbaceous Plant Gallery				
Staying Alive	4,500	7.40%	5,400	
The Desert After Dark				A virtual hunting experience at night using vision, smell, and thermal sensing A virtual hunting experience during the day using vision Large-scale mural of an evening desert scene with multiple interactive elements Large-scale mural of an morning desert scene with multiple interactive elements Adaptation elements Adaptation elements Adaptation elements Adaptation elements
Airborne Enemy				
Twilight Wall				
Dawn Wall				
Couch's Spadefoot Sculpture				
Grasshopper Mouse / Darkling Beetle Sculpture				
Tortoise Combat Sculpture				
Costa's Hummingbird at Chuparosa Sculpture				
The Hidden Desert	3,500	5.76%	4,200	
World Beneath Our Feet				Interactive soil profile Real-time snapshots of Preserve life; on-demand archival footage A different perspective on the desert world Basics of pollination and weird/wonderful relationships Underground societies; specialization and cooperation Solitary in Sonora North America's only venomous lizard, an Arizona icon
Wildlife Cams				
Snake's Eye View Theater				
The Secret Sex Lives of Plants				
Ant Habitat				
Bee Habitat				
Reptile Habitat				
Human Adaptation	5,000	8.22%	6,000	
Water Allocation				Marriage of water, art, and interactive learning Manipulation of water by the first inhabitants of the Valley of the Sun Importing EuroAmerican land use models into the McDowells Boomtown; air-conditioning and urban sprawl; adapting the desert to human needs Adapting human society to meet the extremes of the desert
Hohokam Environment				
Cowboy Environment				
Fifties Environment				
Contemporary/Near-Future Environment (Sustainability)				
The Tomorrow Pavilion	3,000	4.93%	3,600	
Walk-in Saguaro Cactus				Enter an icon A view of the world beneath our feet Encouraging thinking about the past and shaping the future Beyond playground Different ways of observing the desert world Engaging in conservation
Interactive Floor				
Time Machine				
Free Learning Space				
Terrarium Listening Station				
Small Animal Habitats				
Rotating Exhibits	2,500	4.11%	3,000	

Table III-1 (continued)
Desert Discovery Center Proposed Program of Spaces

<i>Area Description</i>	<i>Net Square Feet</i>	<i>Net %</i>	<i>Gross Square Feet</i>	<i>Notes</i>
Administration	5,335	8.77%	6,402	
18 Offices	2,160	3.55%	2,592	10'x12', 120 sf each
2 General Work Areas	800	1.32%	960	200 sf each
Reception	125	0.21%	150	
20 Work Spaces	1,300	2.14%	1,560	8'x8' cubicle or equivalent / open office
Staff Breakroom / Kitchen	500	0.82%	600	Provide exterior space at breakroom.
Employee Locker Room	200	0.33%	240	
Staff Bathrooms	250	0.41%	300	Locate near Administration Offices.
Resources	1,600	2.63%	1,920	
Volunteer Room	400	0.66%	480	
Library	1,200	1.97%	1,440	Locate near Library. Provide easy access to exhibits.
Back of House	7,700	12.66%	9,240	
Curatorial / Exhibit Shop	1,200	1.97%	1,440	Locate near Service Entry and Storage. West side of facility.
Storage	2,000	3.29%	2,400	Locate near Exhibit Shop.
Landscape Maintenance Building	1,500	2.47%	1,800	Locate near Shop and Storage
Other Back of House / Mechanical	3,000	4.93%	3,600	Locate on west side of facility.
Total Building Net Square Footage	60,810	100.00%	72,972	
Total Building Gross Square Footage	72,972			Grossing Factor of 20%, includes interior circulation, walls, mechanical 12,162
Phase I Estimate	52,920			
Phase I Low Estimate	42,300			Phase I Net SF -20%
Phase I High Estimate	63,500			Phase I Net SF +20%
Exterior Spaces				
Welcome Terrace	12,000			Incorporate wayfinding exhibit. Exterior Greeter/Concierge station. Served by special entry wall. Main arrival space located between DDC and existing Gateway trailhead.
Orientation Courtyard	5,500			Central Plaza including orientation exhibits.
Event Terrace	12,000			Plaza serving Desert Great Room, located to views of preserve.
Connecting Passages	25,000			Numerous landscape and hardscape spaces that flow between Desert Pavilions.
Desert Dining Garden	3,000			On view side of Café. Provide exceptional exterior dining environment.
View Terrace	5,000			Welcome Plaza feature, frames views to foreground preserve mountains.
Amphitheater	5,800			200 Seats per Phase I study.
Group / School Kids' Orientation	2,400			Provide exterior gathering space for children's tours. Incorporate seating.
Total Exterior Spaces	70,700			Phase I Exterior Space Estimate: 70,580 SF
Parking				
Employee and Volunteer Parking Required	85 spaces			
Typical Saturday Visitor Parking Required	230-300 spaces			
Peak Period Visitor Parking Required	250-325 spaces			
Total DDC Parking Required	410 spaces			
Existing Phase I Trailhead Parking	216 spaces			Per Gateway Siteplan A0.1. Bid Alternate added 58 additional spaces.
Existing Phase I Bicycle Parking	25 spaces			Trailhead (Major Community) Vehicle Spaces Required: 200-300 spaces Bicycle Spaces Required: 20-30 (1:10 ratio)
Phase II Vehicle Parking	293 spaces			Per Gateway Siteplan A0.1.
Phase II Bicycle Parking	23 spaces			Per Gateway Siteplan A0.1.
Phase III Parking	175 spaces			
Total New Parking	468 spaces			Phase II & III
Alternate: Additional Phase IV Parking	162 spaces			
Alternate: Phase III Covered Parking	684 spaces			



Parking

There is sufficient space to accommodate parking needs. The amount of parking required for the proposed DDC will depend on the size and scale of the facility and the activities planned onsite, especially events with potentially large attendance. In addition, parking will need to accommodate non-DDC users of the public Gateway access area and trails in the McDowell Sonoran Preserve. There will need to be sufficient parking for large vehicles, including tour and school buses, as well as vehicles with equestrian trailers. Following is the current site concept for parking spaces:

	<u>Parking Spaces</u>
Existing Gateway Parking:	216
Phase I Gateway expansion:	125 (currently under construction)
Phase II DDC Expansion:	428 (planned)
Possible Gateway and DDC Expansion	<u>101</u> (if necessary)
Total Gateway and DDC Parking Potential:	870 spaces

A separate study conducted by the City of Scottsdale will confirm the final parking needs and the appropriate parking layout. Based on the site, and the parking space plan, opportunities for parking mitigation, and the upcoming detailed parking planning process, it is assumed that there will be sufficient on-site parking for DDC.

Section IV

RESIDENT MARKET AREA DEFINITION AND ANALYSIS

The proposed DDC is expected to attract visitors from both resident and tourist markets. This section of the report evaluates the resident markets for the project.

Resident Market Definition and Analysis

Although the proposed DDC will draw a variety of market segments, the project's resident market will be a significant source of visitors. Ultimately, the geographic reach and available markets for a project depend on the size and quality of the facility and its exhibits and programs, its accessibility and location, the presence of nearby attractions, regional transportation networks, and marketing efforts.

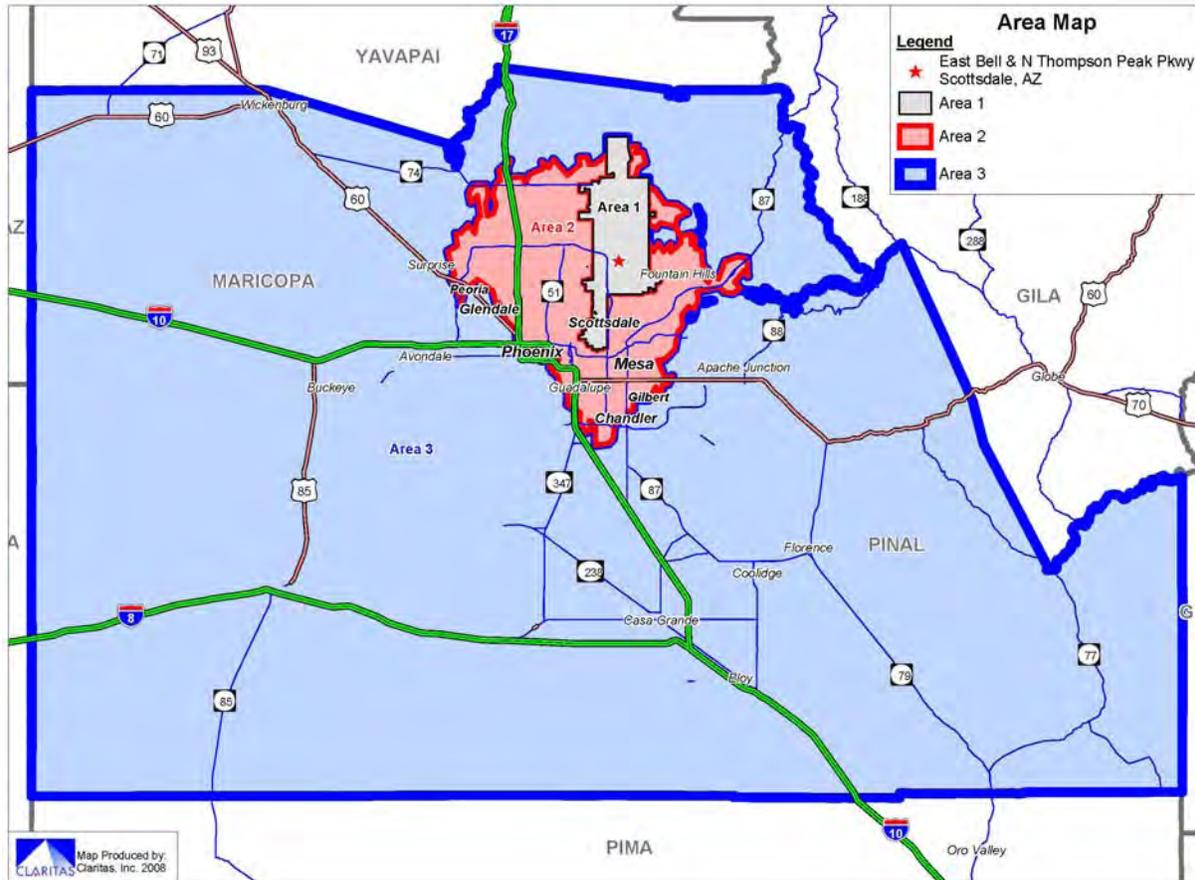
The resident market for a destination such as the DDC is defined as the area whose residents would visit the DDC as part of a day-trip. Persons in the resident market often have repeat visitation patterns, or become members of the institution. Visiting the project would be a primary purpose or important part of a day-trip. Resident markets are analyzed within a "gravity model" context; the closer residents live to the conservation and education destination, the more likely they are to visit. Depending on the individual market's circumstances, resident markets can extend up to 100 or more miles, or be as narrow as 50 miles. On its periphery, the resident market changes over to the visitor (or tourist) market. The visitor market will be reviewed in a subsequent section of this report.

The overall Resident Market Area for the proposed DDC is defined as the area surrounding Scottsdale within Arizona, extending to about 75 miles away from the planned site. Within this overall Resident Market Area, Primary, Secondary and Tertiary Market segments are defined as follows:

- ◆ **Primary Resident Market Area:** City of Scottsdale, Arizona.
- ◆ **Secondary Resident Market Area:** Area within a 30-minute drive of the intersection at East Bell Road and North Thompson Peak Parkway in Scottsdale, not including the Primary Resident Market Area.
- ◆ **Tertiary Resident Market Area:** Phoenix Metropolitan Area (Maricopa and Pinal Counties) not including the Primary and Secondary Resident Market Areas.

Figure IV-1 shows the Resident Market Areas for the proposed DDC³.

Figure IV-1
Resident Market Areas for the Proposed Desert Discovery Center



Source: Claritas, Inc. and ConsultEcon, Inc.

The Primary Resident Market Area is located near the site, and would draw spontaneous trips to the facility. The residents are familiar with the travel routes and Scottsdale is a “top-of-mind” destination for recreational and educational activities. There is potential for the residents of this area to develop repeat visitation patterns.

The Secondary Resident Market Area is defined as the population residing within a 30-minute drive time from the project site (excluding the Primary Market Area). This area is within easy day-trip distance. The residents of the area are probably familiar with travel routes, and they identify

³ On Figure IV-1, the Primary Market Area is identified as “Area 1”; the Secondary Market Area is identified as “Area 2”; and, the Tertiary Market Area is identified as “Area 3”.

themselves with Scottsdale as a media market and the central city in the region. There is potential for the residents of this area to make repeat visits.

The Tertiary Resident Market Area is defined as the Phoenix Metropolitan Area (excluding the Primary and Secondary Market Areas), extending about 75 miles from the site. The residents of the Tertiary Market Area are still within day-trip distance; however, the trip would likely be planned in advance and include visits to other attractions. These residents are familiar with the travel routes, but live farther from the site.

Resident Market Area Demographic Characteristics

Following is a review of the demographic characteristics of the Primary, Secondary and Tertiary Resident Market Areas.

Resident Market Area Population

Data in **Table IV-1** detail estimated 2009 and projected 2014 populations within the Resident Market Areas.

Table IV-1
Resident Market Estimated 2009 and Projected 2014 Population
Proposed Desert Discovery Center

	2009 Estimated Population	2014 Projected Population	% Change 2009 to 2014
Primary Market Area	237,000	260,200	9.8%
Secondary Market Area	1,992,500	2,165,200	8.7%
Tertiary Market	2,124,700	2,574,700	21.2%
Total Resident Market	4,354,200	5,000,100	14.8%

Source: Claritas, Inc. and ConsultEcon, Inc.

Note: Numbers are rounded to nearest hundred.

The Primary Resident Market Area population is estimated at 237,000 in 2009, and is projected at 260,200 in 2014, an increase of 9.8 percent. The Secondary Resident Market Area population is estimated at 1,992,500 in 2009, and is projected to increase to 2,165,200, an increase of 8.7 percent, by 2014. The Tertiary Resident Market Area was an estimated 2,124,700 residents in 2009, and is projected to increase to an estimated 2,574,700 by 2014, an increase of 21.2 percent. The overall

Resident Market Area population is projected to increase by 14.8 percent, from 4,344,200 to 5,000,100, from 2009 to 2014.

The growth rate in the total Resident Market Area, (14.8%) is slightly higher than the projected growth rate of the population of the State of Arizona over the same period (13.2 %), and significantly higher than the projected growth rate of the population of the U.S. as a whole over that period (5.1 %). These market data represent a growth trend that will increase the size of the markets available for the project.

Resident Market Area Age Profile

Important audiences for conservation and education destinations such as the proposed DDC are adults in their mid 20's through 40's with children, and adults in their 40's and 50's who have more time and disposable income for recreational activities of this type. Data in **Table IV-2** profile the Resident Market Areas by age categories.

Table IV-2
Resident Market Estimated 2009 Age Distribution
Proposed Desert Discovery Center

	0-17	18-24	25-34	35-54	55+
Primary Market Area	19.9%	6.4%	12.0%	30.0%	31.6%
Secondary Market Area	26.3%	9.6%	15.7%	28.6%	19.8%
Tertiary Market Area	29.2%	8.8%	14.5%	25.4%	22.1%
Total Resident Market	27.4%	9.0%	14.9%	27.1%	21.6%
<i>State of Arizona</i>	<i>26.4%</i>	<i>9.3%</i>	<i>14.1%</i>	<i>26.4%</i>	<i>23.7%</i>
<i>US Population</i>	<i>24.3%</i>	<i>9.8%</i>	<i>13.3%</i>	<i>28.4%</i>	<i>24.2%</i>

Source: Claritas, Inc. and ConsultEcon, Inc.

The overall Resident Market population has an age profile that is fairly consistent with that of the State of Arizona and the U.S. as a whole. The Primary Resident Market Area has an age profile slightly older than that of the State and the U.S.

These data are supportive of the development of the proposed DDC, as people in these older age groups are often retirees (and grandparents), with disposable time and income, and can form an important component of the audience for this type of conservation and education destination.

Resident Market Area School Age Population

Students are an important component of a conservation and education organization’s market for several reasons. First, families with children are frequent visitors to this type of facility, as parents seek educational, as well as entertaining family outings. Second, school groups are an important component of visitation, particularly during off-peak periods and on weekdays when general visitation numbers are lower. In addition, visits to a conservation and education destination such as the DDC by children in school groups can result in word-of-mouth advertising to friends and family. This in turn leads to repeat visitation and new visitation. Data in **Table IV-3** show the estimated number of children ages 5 through 18 in the Resident Market Areas in 2009, as well as the projected number of school age children in 2014.

**Table IV-3
Resident Market Estimated 2009 and Projected 2014 School Age Children
Proposed Desert Discovery Center**

	Estimated 2009	Projected 2014	Percent Change 2009-2014
Primary Market Area	36,900	41,800	13.3%
Secondary Market Area	394,700	436,600	10.6%
Tertiary Market Area	453,500	557,300	22.9%
Total Resident Market	885,100	1,035,700	17.0%

Source: Claritas, Inc. and ConsultEcon, Inc.

Note: Numbers are rounded to nearest hundred.

In all, there were an estimated 885,100 school age children in 2009 in the Resident Market Area. This number is projected to increase by 17 percent, to approximately 1,035,700 by 2014.

Resident Market Area Households

Data in **Table IV-4** show the estimated and projected numbers of households in the Resident Market Areas.

Table IV-4
Estimated 2009 and Projected 2014 Households in the Resident Market Areas
Proposed Desert Discovery Center

	2009 Estimated Households	2014 Projected Households	% Change 2009 to 2014
Primary Market Area	104,800	114,900	9.6%
Secondary Market Area	742,200	803,700	8.3%
Tertiary Market Area	711,600	858,200	20.6%
Total Resident Market	1,558,600	1,776,800	14.0%

Source: Claritas, Inc. and ConsultEcon, Inc.

Note: Numbers are rounded to nearest hundred.

In 2009, there were an estimated 104,800 households in the Primary Resident Market Area, 742,200 households in the Secondary Resident Market Area, and 711,600 households in the Tertiary Resident Market Area, for a total of 1,558,600 households. The number of households in the overall Resident Market Area is projected to increase by 14 percent between 2009 and 2014, with the Tertiary Resident Market Area showing the largest increase.

Data in **Table IV-5** show household size characteristics in the Resident Market Area compared to the State of Arizona and the U.S. as a whole.

Table IV-5
Estimated 2009 and Projected 2014 Household Sizes in the Resident Market Areas
Proposed Desert Discovery Center

	2009 2000 Household Size	2009 Estimated Household Size	% Change 2000 to 2009	2014 Projected Household Size	% Change 2009 to 2014
Primary Market Area	2.22	2.24	0.90%	2.25	0.45%
Secondary Market Area	2.61	2.65	1.53%	2.66	0.38%
Tertiary Market Area	2.86	2.93	2.45%	2.96	1.02%
Total Resident Market	2.67	2.75	2.89%	2.78	1.02%
<i>State of Arizona</i>	<i>2.64</i>	<i>2.69</i>	<i>1.89%</i>	<i>2.71</i>	<i>0.74%</i>
<i>United States</i>	<i>2.59</i>	<i>2.59</i>	<i>0.00%</i>	<i>2.59</i>	<i>0.00%</i>

Source: Claritas, Inc. and ConsultEcon, Inc.

The Primary Resident Market Area has the lowest estimated average household size with 2.24 persons per household in 2009, while the Secondary and Tertiary Resident Market Areas have larger households, with 2.65 and 2.93 persons per household, respectively. The 2.75 weighted average household size in the Resident Market Area is slightly higher than that of the State of Arizona (2.69) and that of the U.S. as a whole (2.58). It should be noted, however, that although decreasing household sizes are an ongoing national trend, the average household size in the overall Resident Market Area is projected to increase by just over one percent. Households with children are a target market of conservation and education destination such as the proposed DDC; and in this case the larger household sizes in the Resident Market Areas (indicating families with children) are a positive indicator for visitation potential.

Resident Market Area Income Characteristics

Higher incomes are associated with visitation to conservation and education destinations such as the proposed DDC, both in terms of the ability to visit (disposable income, transportation and leisure time) and the desire to visit, as higher incomes frequently reflect higher educational attainment. Several measures of income are provided in this assessment. Data in **Table IV-6** show the median household incomes in the Resident Market Areas as compared to the State of Arizona and the U.S. as a whole.

Table IV-6
2009 Estimated and 2014 Projected Median Household Income Comparison
Proposed Desert Discovery Center

	2009 Median Household Income	2014 Projected Median Household Income	Percent Change 2009 to 2014
Primary Market Area	\$68,189	\$73,095	7.2%
Secondary Market Area	\$53,421	\$58,138	8.8%
Tertiary Market Area	\$56,204	\$62,693	11.5%
Total Resident Market	\$59,099	\$65,229	10.4%
<i>State of Arizona</i>	<i>\$50,445</i>	<i>\$56,273</i>	<i>11.6%</i>
<i>United States</i>	<i>\$51,433</i>	<i>\$56,581</i>	<i>10.0%</i>

Source: Claritas, Inc. and ConsultEcon, Inc.

The estimated 2009 median household income for the Primary Market Area is \$68,189, which is higher than that of the Secondary and Tertiary Resident Market Areas, with estimated incomes averaging \$53,421 and \$56,204, respectively. The estimated weighted median household income in the overall Resident Market Area, \$59,099, is somewhat higher than those of the State of Arizona (\$50,445) and the U.S. as a whole (\$51,433). While this indicates a significant number of households that can afford to visit a conservation and education destination such as the proposed DDC, care should be taken in planning ticket price ranges to be affordable to all economic levels in the Resident Market Areas.

The 2014 projected weighted median household income for the overall Resident Market Area is \$65,229, indicating a growth rate (10.4%) that is just slightly lower than that of the State of Arizona, but fairly comparable to that of the U.S. as a whole.

A second measure of income is by income groups. Data in **Table IV-7** compare the income groups of the Resident Market Areas to the State of Arizona and the U.S. as a whole.

Table IV-7
Estimated 2009 and Projected 2014 Income Group Comparison
(by Percentage of Households)
Proposed Desert Discovery Center

	Less than \$25,000	\$25,000 to \$34,999	\$35,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999	\$100,000 +
Primary Market Area	14.8%	8.5%	13.2%	18.5%	12.2%	32.8%
Secondary Market Area	19.6%	11.1%	16.5%	20.4%	12.5%	19.9%
Tertiary Market Area	18.7%	10.4%	15.5%	21.5%	13.9%	19.9%
Total Resident Market	18.8%	10.6%	15.8%	20.8%	13.1%	20.8%
<i>State of Arizona</i>	<i>21.9%</i>	<i>11.5%</i>	<i>16.3%</i>	<i>20.1%</i>	<i>12.1%</i>	<i>18.1%</i>
<i>United States</i>	<i>22.9%</i>	<i>10.8%</i>	<i>15.2%</i>	<i>19.6%</i>	<i>12.3%</i>	<i>19.3%</i>

Source: Claritas, Inc. and ConsultEcon, Inc.

The above data show that the total Resident Market Area has a greater proportion of households with an income greater than \$50,000+ than the State of Arizona. Approximately 54.7 percent of households in the Resident Market Area have incomes in that range, compared to approximately 50.4 percent of households in the State of Arizona, and 51.1 percent in the U.S. as whole. These income data are supportive of the first income analysis, with a significant percentage of Resident

Market Area residents that have the economic means to attend conservation and education destination such as the proposed DDC.

Summary

The overall Resident Market Area population is projected to increase between 2009 and 2014 by 14.8 percent, from 4,344,200 to 5,000,100. This growth trend will increase the size of the markets available for the proposed DDC. The demographic characteristics of the Resident Market Areas include moderately high-income household levels, a similar age profile to the United States as a whole, and a large population of school-age children. In all, there were an estimated 885,100 school age children in 2009 in the Resident Market Area, a number that is projected to increase by 17 percent, to approximately 1,035,700 by 2014. The median household income in the overall Resident Market Area is somewhat higher than those of the State of Arizona and the U.S. as a whole. While this indicates a significant number of households that can afford to visit a conservation and education destination such as the proposed DDC, care should be taken in planning ticket price ranges to be affordable to all economic levels in the Resident Market Areas. Overall, these population and income level data are good indicators for resident market visitation to the DDC.

Section V

TOURISM MARKET

This section reviews the tourist markets available to the proposed DDC. This includes a review of Arizona and Phoenix regional tourism trends and an evaluation of Scottsdale tourism and selected area visitor attractions and cultural and nature based sites. As a major conservation and education destination, the proposed DDC has the potential to draw visitation from tourists in Scottsdale, as well as tourists staying in other locations throughout the Phoenix Metro Area (Central Arizona Tourism Region), which is defined as Maricopa and Pinal Counties. In addition the DDC's focus on desert ecology and the natural world, as well as its close proximity to the primary loop highway (US 101) in the region, may draw visitors passing through the area en route to natural destinations throughout the state. As proposed, the DDC will also have the potential to draw from longer day-trip markets such as Tucson and Flagstaff because of its unique offerings and physical setting.

For the purposes of this study, tourist⁴ markets are defined as follows:

- ◆ **Overnight Visitors** to Phoenix Metro Area, with the following segments by overnight accommodations:
 - Hotel/Motel Visitors in Scottsdale Market Area
 - Hotel/Motel Visitors in remainder of Phoenix Metro Area
 - Seasonal residents – Second homeowners, families and friends occupying a residence (owned or rented) for less than a full year in the Phoenix Metro Area
 - Visitors staying with friends and relatives that live in the Phoenix Metro Area
- ◆ **Day Trip Visitors** to Scottsdale who reside outside of the Phoenix Metro Area.⁵

The data utilized in this section represent the latest data available for the geographies under consideration. The sources of these data include:

- ◆ *Arizona 2008 Tourism Facts: Year-end Summary*, Arizona Office of Tourism.
- ◆ *Arizona Lodging Indicators*, Arizona Office of Tourism.
- ◆ *Phoenix/Central Arizona 2007 Tourism Facts*, Arizona Office of Tourism.
- ◆ *Metropolitan Arizona Visitor Study*. Behavior Research Center, 2000.

⁴ The terms “visitor,” “tourist” and “traveler” are used interchangeably.

⁵ Day trip visitors to Scottsdale who reside in other areas of the Phoenix Metro Area are included in the resident market analysis.

- ◆ *The Scottsdale/Paradise Valley Tourism Study - Part I: Lodging Statistics and Part II: Visitor Statistics*, City of Scottsdale. Office of Economic Vitality, February and August 2009;
- ◆ *City of Scottsdale Visitor Inquiry Study*. Behavior Research Center, August 2009; and,
- ◆ Interviews with and information supplied by the Arizona Office of Tourism, City of Scottsdale's Economic Vitality Department, and the Scottsdale Convention and Visitors Bureau.

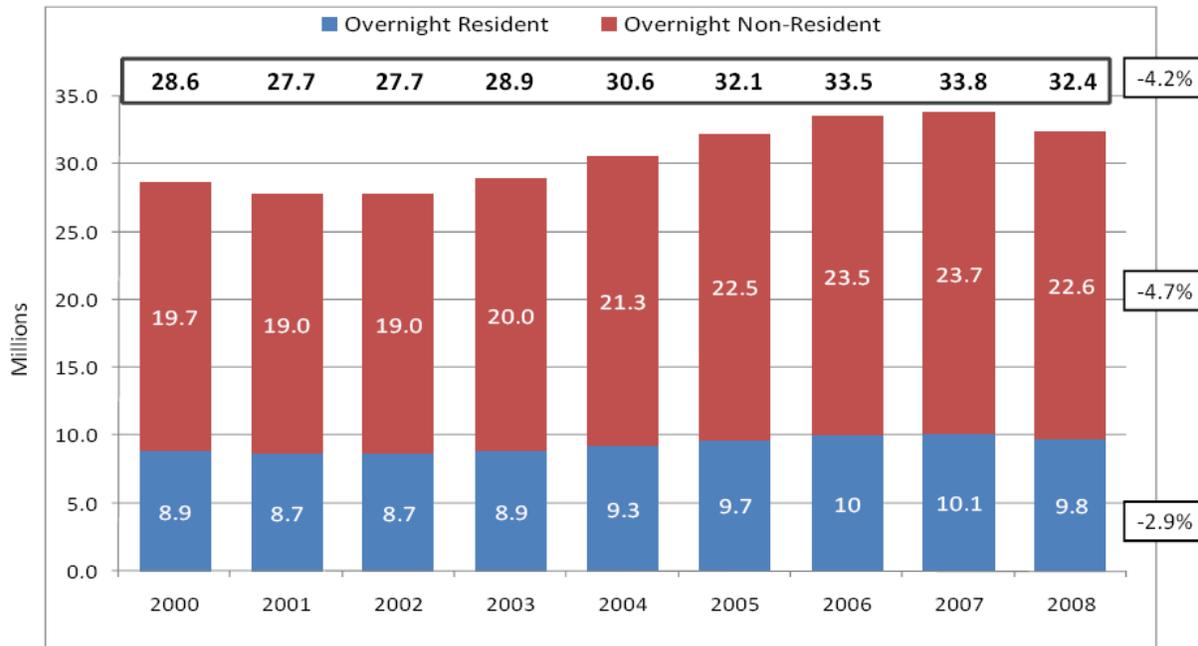
VISITATION TO ARIZONA

Tourism is an important component of the Arizona economy. In 2008, there were an estimated 37.4 million domestic and international overnight visitors to Arizona. In the same year, these visitors spent an estimated \$18.5 billion, which accounted for 166,900 jobs, \$5.0 billion in earnings, and \$1.4 billion in local and state tax revenue.

Domestic Overnight Visitors

The largest segment of overnight travelers was out-of-state domestic visitors at 22.6 million in 2008. In addition, there were 9.8 million Arizona resident overnight visitors and 5.0 million international overnight visitors. Data in **Figure 1** present the trend in domestic overnight travelers to the state by resident and non-resident visitors. Between 2002 and 2007, the number of domestic overnight visitors to Arizona increased each year. Due to the economic recession and a reduction in travel overall, the number of visitors to the state declined 4.2 percent between 2007 and 2008.

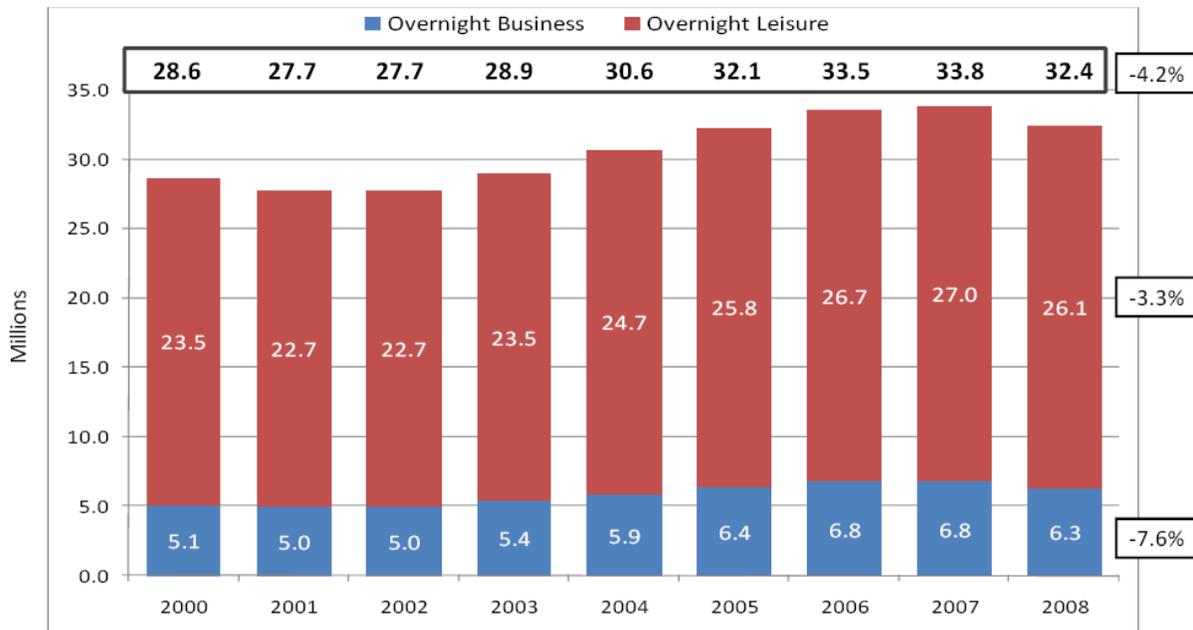
Figure V-1
Trend in Arizona Domestic Overnight Visitors (in millions)
by Non-Resident and Resident Visitors, 2008



Source: Tourism Economics.

Data in **Figure V-2** present the trend in domestic overnight travelers to the state by leisure and business visitors. In 2008, approximately 81 percent or 26.1 million overnight visitors to Arizona were traveling for leisure purposes. Among overnight leisure visitors, 49 percent were traveling to visit friends and relatives, 17 percent were touring, 10 percent were traveling outdoors, and 9 percent were attending a special event. Two thirds of overnight leisure visitors stayed in paid accommodations. The average overnight leisure travel party size was 2.9 persons and 31 percent of these parties included children.

Figure V-2
Trend in Arizona Domestic Overnight Visitors (in millions)
by Leisure and Business Visitors, 2008



Source: Tourism Economics.

International Overnight Visitors

International visitors include overnight visitors from Mexico, Canada and overseas markets.

There were an estimated 5.0 million overnight international visitors to Arizona in 2008.

Business travelers would include meeting and convention travelers as well as general business travel. Mexican overnight visitors accounted for approximately 76 percent of all international travelers, or 3.8 million international overnight visitors. In addition, there were an estimated 700,000 overseas visitors and 500,000 Canadian visitors.

International Day Visitors

In addition, there were a significant number of Mexican day visitors to Arizona. According to a study conducted by the University of Arizona, there were a total of 24.04 Mexican visitors crossing the border in 2008. Approximately 84 percent or 20.3 million were day visitors. Most of these day visitors were visiting Arizona border communities. Since 2001, the last time the University of Arizona conducted a study, the number of Mexican overnight visitors increased substantially.

VISITATION TO CENTRAL ARIZONA

The Arizona Office of Tourism (AOT) defines travel regions in the state, including the Central Arizona Tourism Region (“Central Arizona”), which is defined as Maricopa and Pinal Counties. Central Arizona drew an estimated 15.0 million domestic overnight visitors in 2008, a decline of 2.6 percent from 15.4 million overnight visitors in 2007. In both years, Central Arizona captured 46 percent of all domestic overnight visitors to Arizona.⁶

Trip Purpose and Activities

In 2007, 74 percent of overnight visitors to Central Arizona were traveling for leisure purposes. An estimated 37 percent or 5.7 million VFRs visited Central Arizona in 2007. Another 11 percent or 1.7 million were on a getaway weekend, and another 1.7 million were on general vacation. Leisure visitors will be more likely to attend the DDC for exhibitions and desert experiences than will business travelers, who may have limited time for non-business activities on their trip. However, business travelers include meetings and conventioners, who might hold a reception at the DDC. Approximately 26 percent or 4 million travelers were on business trips in 2007. Business travelers may attend DDC during their free time; or more likely during meetings, corporate and conference/convention events held at the DDC. Incorporating spaces large enough for meetings, events and banquets will create an opportunity for Operational Revenue.

Visitor, Party and Trip Characteristics

The average visitor to Central Arizona in 2007 was 48 years old and had a household income of \$86,200. The average party size was 2.0 persons and 16 percent of parties were families, including children. The average length of stay was 4.0 nights. In 2007, 60 percent of overnight visitors to Central Arizona stayed in paid accommodations. The peak season for travel was January, February and March. Top five states by visitor origin were:

- ◆ California 25.2 percent of all visitors,
- ◆ Arizona 19.3 percent,
- ◆ Illinois 7.5 percent,

⁶ The Arizona Office of Tourism did not publish regional tourism profiles for 2008 and is currently transitioning to a new tourist statistics vendor. 2007 data are most current for Central Arizona/Phoenix Metro Area. 2009 data will be published in late 2010 and may not be comparable to 2007 data due to different vendor survey methods.

- ◆ Texas 6.7 percent, and
- ◆ New Mexico 4.3 percent.

The top five states accounted for 63 percent of all domestic overnight visitors to Central Arizona in 2007. All other states accounted for 27 percent of domestic overnight visitors to Central Arizona.

Regional Hotel/Motel Rooms

Central Arizona has experienced an expansion in supply of hotel and motel rooms in recent years, which is an indicator of the area's population growth and growth in popularity as a tourist destination. As of February 2010, there were 436 properties and 60,147 rooms in Central Arizona. According to Smith Travel Research data, the annual average occupancy rate in 2009 was an estimated 52.4 percent and there were 11.2 million occupied room nights. This area wide occupancy rate is lower than previous periods and reflects the recent recession. It is reasonable to expect an improved tourism market in the future, as the overall economy recovers. In fact, the number of occupied room nights increased 1.6 percent between the fourth quarter of 2008 and the fourth quarter of 2009. However, the average occupancy rate for the period declined due to an increase in room supply.

Seasonal Visitors and Resident Guests

In addition to overnight visitors in paid accommodations and private homes of Central Arizona residents, there are second homeowners and their family and guests staying overnight seasonally in the region. Based on 67,700 seasonal housing units and an average of 10 visitors, including homeowners, family and guests per seasonal unit, there are an estimated 677,000 additional overnight visitors classified as seasonal visitors. Approximately 20 percent or 136,000 of the seasonal visitors are located in the City of Scottsdale.

VISITATION TO SCOTTSDALE

Due to its natural beauty, desert surroundings, and local attractions, Scottsdale has a long history of tourism. According to the City of Scottsdale, in 2008, the Scottsdale Market Area hosted 8.1 million visitors, comprised of 6.9 million (85 percent) day visitors and 1.2 million (15 percent) hotel visitors. The number of hotel visitors is derived by the City of Scottsdale from the average number

of nights stayed in the area (5.5 night in 2008), the average number of room occupants (1.8 persons), and total occupied room nights, which was an estimated 3.6 million in 2008. The economic impact of these visitors was an estimated \$3.6 billion. Day visitors are currently defined as a proportion of total domestic overnight visitors to Central Arizona, approximately 15.0 million in 2008. The City derived day visitors as follows:

“The total number of hotel visitors to the Scottsdale/PV market area (1.2 million) was subtracted from [the total number of domestic overnight visitors to Central Arizona] and a capture ratio of 50 percent was applied to the balance (using the findings that 63 percent of metro Phoenix visitors frequent Scottsdale/PV; and discounting 20 percent of that to eliminate those visitors who went only to Paradise Valley), making the number of estimated Scottsdale day visitors to be about 6.9 million in 2008.”⁷

Scottsdale Market Area

The Scottsdale Market Area had more than 75 resorts and hotels, with over 16,200 rooms in 2008. (This is about 27 percent of the total hotel/motel rooms in the Phoenix Metro Area in 2010.) The Scottsdale Market Area is defined as:

- ◆ **Scottsdale** – Within the corporate limits of the City of Scottsdale
- ◆ **Paradise Valley** – Within the corporate limits of the Town of Paradise Valley
- ◆ **Other** – Within the Scottsdale/Paradise Valley market area; including portions of East Phoenix, North Tempe, Carefree, Cave Creek, and Fountain Hills

The average room rate for market area hotels in 2008 was \$172.26, up 1 percent from \$170.59 in 2007. The occupancy rate was 61.0 percent in 2008, a 13 percent decrease from the market peak at 70.4 percent in 2004.

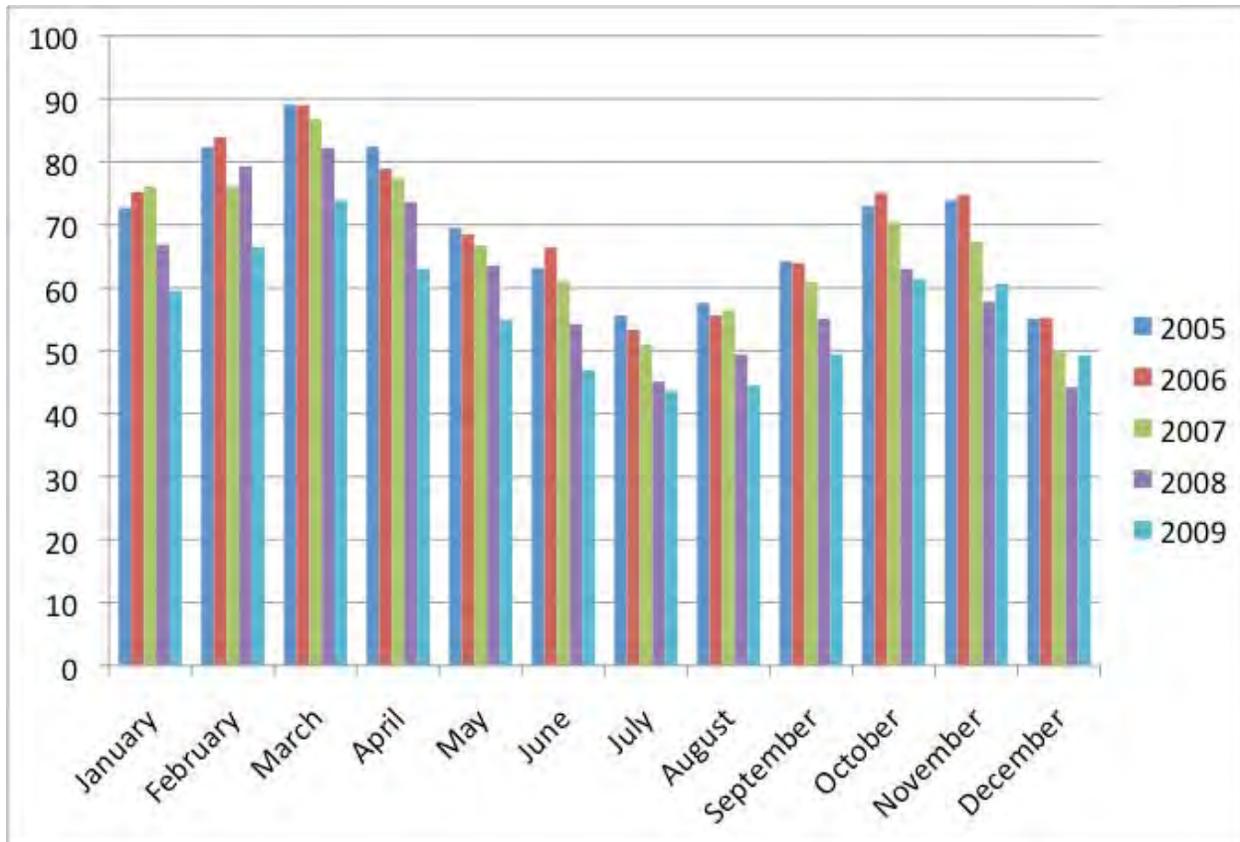
Seasonality of Hotel Visitation

Data in **Figure V-3** chart the 5-year average monthly occupancy rates for Scottsdale Market Area hotels from 2005-2009. November and December 2009 were the first year-over-year gains in average monthly occupancy rate since February 2008. Staff at the Scottsdale Convention and Visitors Bureau (CVB) indicates that occupancy rates are improving in 2010 year to date. The

⁷ Source: *The Scottsdale/Paradise Valley Tourism Study - Part II: Visitor Statistics*, City of Scottsdale. Office of Economic Vitality, August 2009.

peak season for tourism in Scottsdale is mid-January through mid-April, the low season from mid-June through mid-September, and shoulder seasons between mid-April and mid-June and mid-September through early- to mid-January.

Figure V-3
Average Monthly Occupancy Rates for Scottsdale/Paradise Valley 2005-2009



Source: Smith Travel Research and ConsultEcon, Inc.

Hotel Guest Spending

Estimated hotel guest spending per person per day in 2008 was \$258.65, while the average day visitor spent \$41.73 per day. Scottsdale Market Area visitors staying in hotels estimated percentage of expenditures were:

- ◆ Lodging 37 percent,
- ◆ Food and beverage 25 percent,
- ◆ Retail 14 percent,
- ◆ Local transportation 9 percent, and
- ◆ Entertainment 15 percent.

Scottsdale Visitor Profile

As reported in the *City of Scottsdale Visitor Inquiry Study* conducted by Behavior Research Center, Inc. of inquirers to the Scottsdale CVB, the typical Scottsdale visitor (i.e. inquirers who visited) was 57 years old with a median yearly income of \$101,600 in 2009. The following are additional insights into Scottsdale visitors.

- ◆ Almost 30 percent of visitors had incomes exceeding \$150,000.
- ◆ The median length of stay by Scottsdale visitors was 5.5 nights in 2009.
- ◆ The 2009 median party size of visitors to Scottsdale was 2.8 persons.

Data in **Table V-1** show the percent of traveler parties containing different age segments. An estimated 20 percent of travel parties included children. Compared to travel parties to the state as a whole (31%), Scottsdale has a smaller proportion of travel parties with children. With activities geared towards families and children, the DDC would have the potential to draw more travel parties with children, thereby expanding Scottsdale’s tourism base. Moreover, the existing in place travel pattern would indicate a substantial number of families visiting Scottsdale that would be a target market for the DDC.

Table V-1
Percent of Parties Containing Persons of Different Age Demographics, 2009

5 or younger	6-17	18-34	35-49	50-64	65+
7%	13%	14%	39%	50%	24%

Note: The total of all categories exceeds 100% as many parties include people in different age groups.

Source: City of Scottsdale Visitor Inquiry Study, August 2009, Behavior Research Center, Inc.

Visitor Origin

Scottsdale visitors originated primarily from the Midwestern and Western regions of the United States in 2009. The mix of visitor origin has shifted in recent years, with a smaller share coming from the Northeast and a greater share coming from the West. This phenomenon is likely because tourists have been opting to travel closer to home during the economic recession. In 2007, the Scottsdale CVB evaluated its visitor markets in detail. The primary visitor origin

markets included: New York, Los Angeles, Chicago, and San Francisco. The secondary and emerging markets included: Denver, Dallas, Philadelphia, Washington DC, Boston, Seattle, and San Diego. Many Scottsdale visitors come from the largest metropolitan areas in the country, and therefore, are exposed to some of the largest and most visited museums and cultural destinations in the country. The DDC will have to live up to expectations about quality and content of visitor experience of culturally savvy Scottsdale visitors.

Visitor Lifestyles and Attitudes

Scottsdale visitors are typically well traveled, technologically connected, environmentally conscious, interested in other cultures, and enjoy sport/exercise. The DDC clearly has the potential to appeal to the lifestyles and attitudes exhibited by Scottsdale visitors. In lifestyle categories, for instance, Scottsdale visitors have a greater than average propensity to have travelled abroad to Italy in the past 3 years; to have traveled outside of the country in the past 3 years; to drink imported wine; to have a passport; to be enrolled in a frequent flyer program; to have a home computer network; and to contribute to a charitable educational organization in the last year. The following are a sample of some attitudes of Scottsdale visitors that would indicate potential interest in the DDC.

- ◆ Internet is first place I look for information
- ◆ I love the idea of traveling abroad
- ◆ I do some sport/exercise at least once/week
- ◆ I make a conscious effort to recycle
- ◆ I'm interested in other cultures

Trip Activities

Data in **Table V-2** summarize activities that Scottsdale visitors participated in during recent years. The high degree of shopping is typical of tourists to most urban destinations. There have been recent increases in the Native American arts and culture and Western culture and attractions activities. The high levels of participation in outdoor desert activities, day trips and museums are especially significant to the potential for the DDC. The DDC will help to diversify and enhance Scottsdale's tourism offerings with its outdoors – desert focus. It will also be a large high-profile destination of the type that is essential to destinations such as Scottsdale.

Table V-2
Scottsdale Visitors Activity Participation, 2009

(AMONG OVERNIGHT VISITORS)

"During your most recent visit to Scottsdale, did you participate in any of the following activities?"

	2009	2008	2007	2006	2005
Shopping	90%	89%	89%	91%	83%
Day trips to other locations in Arizona	77	67	64	68	63
Art galleries and museums	55	48	50	53	44
Native American arts and culture	53	39	44	48	37
Western culture and attractions	51	41	43	50	42
Outdoor desert activities	44	38	53	65	53
Special events	37	32	31	33	21
Nightlife	34	42	36	45	36
Sporting events	31	28	24	21	21
Spa/rejuvenation	30	34	25	27	19
Overnight trips to other locations in Arizona	30	29	25	NA	NA
Golf	30	22	30	25	25

~~~~~

Source: City of Scottsdale Visitor Inquiry Study, 2009.

Additionally, in the City of Scottsdale 2005 Leisure Visitor Inquiry Study, a question was included regarding desire for additional products and experiences. Data in **Table V-3** summarize the findings from that survey. It is important to note that data in Table V-3 reflect a strong desire by many Scottsdale travelers for more kid's activities, outdoor desert activities and day trips. All of these would be addressed by the DDC.

**Table V-3**  
**Additional Scottsdale Attractions Desired by Survey Participants 2005**

(AMONG OVERNIGHT VISITORS)

"Scottsdale strives to provide the best experience possible to its guests and would like to better understand the activity areas it should more fully develop. How important do you feel it is that Scottsdale have additional products or experiences within each of the following activity areas – very important, somewhat important, not very important or not at all important?"

|                                       | Very Important | Somewhat Important | Not Very Important | Not at All Important | Not Sure | TOTAL IMPORTANT <sup>1</sup> |
|---------------------------------------|----------------|--------------------|--------------------|----------------------|----------|------------------------------|
| More day trips                        | 21%            | 37%                | 21%                | 15%                  | 6%       | 58%                          |
| More outdoor desert activities        | 23             | 34                 | 22                 | 14                   | 7        | 57                           |
| More special events                   | 16             | 40                 | 22                 | 15                   | 7        | 56                           |
| More dining                           | 24             | 30                 | 27                 | 15                   | 4        | 54                           |
| More Native American arts and culture | 18             | 31                 | 25                 | 18                   | 8        | 49                           |
| More shopping                         | 20             | 27                 | 27                 | 22                   | 4        | 47                           |
| More western culture and attractions  | 17             | 30                 | 28                 | 17                   | 8        | 47                           |
| More performing arts                  | 15             | 30                 | 26                 | 18                   | 11       | 45                           |
| More art galleries and museums        | 12             | 29                 | 29                 | 21                   | 9        | 41                           |
| More sporting events                  | 12             | 28                 | 29                 | 23                   | 8        | 40                           |
| More nightlife                        | 12             | 24                 | 30                 | 26                   | 8        | 36                           |
| More spa/rejuvenation                 | 9              | 23                 | 32                 | 27                   | 9        | 32                           |
| More kids activities                  | 12             | 19                 | 22                 | 32                   | 15       | 31                           |
| More golf                             | 11             | 16                 | 30                 | 35                   | 8        | 27                           |

<sup>1</sup>Very + somewhat

Source: City of Scottsdale Leisure Visitor Inquiry Study, 2007

### Day-Trip Visitors

Day-trip visitors to the DDC will primarily come from the resident markets, evaluated in the prior report section, or from parts of Arizona outside the Phoenix Metro Area. This will likely be a small segment of the DDC's visitation. Regardless, there may be visitors traveling from Tucson or Flagstaff for the day or other visitors due to pass through traffic en route to an overnight destination outside of the Phoenix Metro Area.

## REGIONAL CULTURAL AND NATURE BASED DESTINATIONS

The Phoenix Metro Area, which includes Scottsdale, offers many popular attractions, professional sports teams, major shopping malls, outdoor recreation, and a substantial accommodations base. In addition, there are a number of cultural and nature based destinations, including museums, parks, a zoo, botanical garden, educational attractions, and historic sites. In addition to leisure tourism, the Phoenix Metro Area is also an active business and university center that draws a number of business and convention travelers. A multi-phased \$600 million expansion project has nearly tripled the size of the Phoenix Convention Center, making it one of the top 20 convention venues in North America, offering nearly 900,000 square feet of rentable space and more than 2 million square feet total. Smaller convention venues are located throughout the Greater Phoenix area.

The nature of local attractions, their attendance and pricing levels inform the evaluation of attendance potential at the proposed DDC. Data in **Table V-4** show selected regional cultural and nature based destinations and provide a summary of attendance, ticket prices, and descriptions. The selected facilities included those with 20,000 or more reported attendance or a Scottsdale location.

For a metropolitan area with over 4.3 million in population that is rapidly growing, there are few cultural and nature based destinations that achieve high levels of attendance, which would indicate that there is room to grow within the market. Attendance at the top tourist attractions in Phoenix Metro Area ranges up to nearly 1.5 million at the Phoenix Zoo, which has the largest number of visitors of the profiled attractions. There are five cultural/nature based destinations that draw an estimated 200,000 to 400,000 visitors annually, including the World Wildlife Zoo and Aquarium, Desert Botanical Garden, Arizona Science Center, the Heard Museum, and Phoenix Art Museum. Opened in April 2010, the Musical Instrument Museum is projected to have an annual attendance of 250,000. Taliesin West in Scottsdale has an annual (2008) attendance of 88,000.

Ticket prices at local attractions vary greatly, from \$2.00 at some of the smaller venues to \$16.00 at the Zoo, with the most popular facilities generally charging \$10.00-\$15.00 for adult admission. Ticket prices at the DDC should be in line with other attractions in the Phoenix Metro Area.

**Table V-4  
Selected Cultural and Nature based destinations in the Phoenix Metro Area and Scottsdale  
(Ranked by Attendance if Available)**

| Attraction/ Location                               | Annual Attendance          | Admission Pricing                                                                                                    | Description                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Phoenix Zoo<br>Phoenix                             | 1,485,000                  | \$16.00 adult<br>\$11.00 senior<br>\$ 7.00 child 3-12                                                                | The Phoenix Zoo has 125 acres of exhibits, with trails leading through an African savanna, a tropical rainforest and the Arizona environs, with wildlife of the respective regions.                                                                                                         |
| WestWorld Equestrian Center<br>Scottsdale          | 600,000 <sup>8</sup>       | General admission is free, but there are charges for most shows, and rental fees vary depending upon event and usage | Owned and operated by the City of Scottsdale, WestWorld is an equestrian center and special events facility, with numerous arenas, fields, and barns available for events and individual use. Events hosted include horse shows, rodeos, dog shows, and club/riding competitions.           |
| World Wildlife Zoo and Aquarium<br>Litchfield Park | 400,000 (AZA)              | \$26.50 adult<br>\$14.25 child 3-12<br>After 5 pm<br>\$16.99 adult<br>\$ 8.99 child 3-12                             | Privately owned and operated, the Wildlife World Zoo first opened its doors in 1984. The Zoo opened an aquarium in 2008. The Zoo and Aquarium contain Arizona's largest collection of exotic animals with over 3000 animals representing nearly 600 species.                                |
| Desert Botanical Gardens<br>Phoenix                | 369,000                    | \$15.00 adult<br>\$13.50 senior<br>\$ 7.50 student w/id<br>\$ 5.00 child 3-12                                        | The Desert Botanical Garden showcases 50 acres of outdoor exhibits, including rare, threatened and endangered plant species from around the world. Focus is on desert plants and environments.                                                                                              |
| Arizona Science Center<br>Phoenix                  | 300,000                    | \$12.00 adult<br>\$10.00 senior<br>\$10.00 child 3-12                                                                | Collections include interactive exhibits on human body, psychology, networks, weather, aerospace, geology & physics, a 285-seat giant screen theater, and 200-seat planetarium.                                                                                                             |
| Musical Instrument Museum<br>Phoenix               | New; projected at 250,000+ | \$15.00 adult<br>\$13.00 senior<br>\$10.00 youth 6-17                                                                | Opened on April 24, 2010, the Musical Instrument Museum contains collections of instruments from around the world; history & diversity of instruments; music & world cultures; audio & video. Library; 75,000 sq. ft. exhibit space; restaurant; classrooms. Museum-related items for sale. |
| Phoenix Art Museum<br>Phoenix                      | 210,000                    | \$10.00 adult<br>\$ 8.00 senior<br>\$ 4.00 child 6-17                                                                | One of the largest art museums in the Southwest, the museum houses a permanent collection of some 16,000 works of art spanning the centuries and also includes a popular miniatures collection and a "Please Touch" children's gallery, as well as a café and gift shop.                    |

<sup>8</sup> 2008 visitation estimate.

**Table V-4 (cont.)**  
**Selected Cultural and Nature based destinations in the Phoenix Metro Area and Scottsdale**  
**(Ranked by Attendance if Available)**

| Attraction/ Location                      | Annual Attendance   | Admission Pricing                                                                                                                                                                               | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Heard Museum<br>Phoenix               | 200,000 est.        | \$12.00 adult<br>\$11.00 senior<br>\$ 5.00 student w/id<br>\$ 3.00 child 6-12                                                                                                                   | A leading U.S. showcase of Native American art and culture, the Heard Museum interprets the cultures of Native American tribes in the region through exhibits, demonstrations and live performances and displays the work of contemporary Native American artists. Artists demonstrate their work during the week and musicians perform on most weekends.                                                                                                                                                          |
| Arizona Museum of Natural History<br>Mesa | 136,000             | \$10.00 adult<br>\$ 9.00 senior<br>\$ 6.00 child 3-12<br>\$ 8.00 student w/id<br>13+                                                                                                            | The Arizona Museum of Natural History is dedicated to inspire wonder, respect and understanding for the natural and cultural history of the Southwest. Exhibits focus on natural history from 4.5 billion years ago to present and include dinosaurs, fossils and minerals, and native cultures, among others. Owned and operated by the City of Mesa. Facility is over 80,000 square feet.                                                                                                                        |
| Taliesin West<br>Scottsdale               | 88,000 <sup>9</sup> | <u>Thurs.-Mon.:</u><br>\$24.00 adult<br>\$20.00 senior, student, and military<br>\$10.00 youth 4-12<br><u>Tues.-Weds.</u><br>\$18.00 adult, senior, student, and military<br>\$ 7.00 youth 4-12 | Taliesin West was architect Frank Lloyd Wright's winter home and school in the desert; today. Today it houses the Frank Lloyd Wright Foundation, a school for architects, and is open to the public for tours.                                                                                                                                                                                                                                                                                                     |
| Boyce Thompson Arboretum<br>Superior      | 85,000 est.         | \$7.50 adult<br>\$3.00 child 5-12                                                                                                                                                               | Near Superior, AZ, the University of Arizona's Boyce Thompson Arboretum brings together plants from the Earth's many and varied deserts and dry lands. Approximately 3,200 different desert plants can be found within the arboretum, and most of them can be seen along the 1.5 mile main trail. During wildflower season, the Boyce Thompson Arboretum is especially popular, displaying all the varied colors of the desert. More than 250 species of birds have been recorded at the Boyce Thompson Arboretum. |

<sup>9</sup> 2008 attendance.

**Table V-4 (cont.)**  
**Selected Cultural and Nature based destinations in the Phoenix Metro Area and Scottsdale**  
**(Ranked by Attendance if Available)**

| Attraction/ Location                                       | Annual Attendance | Admission Pricing                                                        | Description                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------|-------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Arizona Museum for Youth<br>Mesa                           | 71,000            | \$6.50 child 1 + and adult                                               | Hands-on fine arts organization for children and adults with a mission to inspire children of all ages to experience their world differently through art, creativity and imagination. Partnership between City of Mesa and not-for-profit Museum for Youth Friends.                                                               |
| Pioneer Arizona Living History Village & Museum<br>Phoenix | 65,000 est.       | \$7.00 adult<br>\$6.00 senior<br>\$5.00 student 6-18                     | This living history complex features over 20 late 19 <sup>th</sup> -century homes & shops, pioneer life artifacts, agricultural items & machinery, Arizona history memorabilia, a day theatre and restaurant, as well as a gift shop.                                                                                             |
| Arizona State Capitol Museum<br>Phoenix                    | 60,000            | Free                                                                     | Housed in the restored Capitol Building, this museum presents programs and exhibits about the government of the Arizona Territory and the early days of statehood.                                                                                                                                                                |
| Desert Caballeros Western Museum<br>Wickenburg             | 55,000 est.       | \$7.50 adult<br>\$6.00 senior<br>Free – child 16 & under                 | Collection includes cowboy memorabilia, western art, Native American art and artifacts, minerals and gems, and historic period rooms.                                                                                                                                                                                             |
| Arizona State University Art Museum<br>Tempe               | 51,000            | No charge                                                                | Art Museum & gallery feature collections of contemporary art, including new media, American & European print collection- 15 <sup>th</sup> century to present, contemporary ceramics, Latin American art, research library, seminar rooms, gift shop.                                                                              |
| Arizona Mining and Mineral Museum<br>Phoenix               | 50,000            | \$2.00 adult<br>Free 17 & under                                          | The Arizona Mining and Mineral Museum features collections of lapidary, geology, mining artifacts, minerals of Arizona and the world.                                                                                                                                                                                             |
| Pueblo Grande Museum and Archaeological Park<br>Phoenix    | 49,000            | \$6.00 adult<br>\$5.00 senior<br>\$3.00 child 6-17                       | More than 1,000 years old, these ruins are from a Native American village and the artifacts unearthed from the area. Features include hands-on activities, hikes and tours.                                                                                                                                                       |
| Scottsdale Museum of Contemporary Art<br>Scottsdale        | 46,000            | \$7.00 adult<br>\$5.00 student<br>Free – child 15 & under                | Museum features collections of modern & contemporary paintings, sculpture, prints, drawings, photos, architecture and design, outdoor sculpture garden, gift shop.                                                                                                                                                                |
| Hall of Flame Museum of Firefighting, Phoenix              | 35,000            | \$6.00 adult<br>\$5.00 senior<br>\$4.00 student 6-17<br>\$1.50 child 3-5 | The Hall of Flame has about an acre of fire history exhibits, with over 90 fully restored pieces of fire apparatus on display, dating from 1725 to 1969. The Hall of Flame sponsors the National Firefighting Hall of Heroes, which honors firefighters who have died in the line of duty or who have been decorated for heroism. |

**Table V-4 (cont.)**  
**Selected Cultural and Nature based destinations in the Phoenix Metro Area and Scottsdale**  
**(Ranked by Attendance if Available)**

| Attraction/ Location                                      | Annual Attendance | Admission Pricing                                                                                             | Description                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bead Museum<br>Glendale                                   | 30,000            | \$5.00 adult<br>\$2.50 child 4-12<br>Free Thursdays after 5 pm and Sundays between Memorial Day and Labor Day | Founded in 1984 the Museum houses an international collection of over 100,000 beads and beaded artifacts. The museum features permanent and changing exhibitions, and education and outreach programs of lectures, tours, and classes for the visitor.                                                                                                                                             |
| Mesa Historical Museum<br>Mesa                            | 28,000 est.       | \$5.00 adult<br>\$4.00 senior<br>\$3.00 youth 3-12                                                            | The mission of the Mesa Historical Museum is to preserve and create interest in the tangible evidences of local and regional communities and of settlement and development of Mesa, Arizona.                                                                                                                                                                                                       |
| American Heart Association Halle Heart Center<br>Tempe    | 28,000 est.       | No charge; donations accepted                                                                                 | The Halle Heart Center Museum features 16,000 square feet of collections of medical equipment, hands-on exhibits, library, 50-seat large screen & interactive stage, TV theater, activity center, electric industrial demonstration kitchen.                                                                                                                                                       |
| Superstition Mountain Museum<br>Apache Junction           | 25,000 est.       | \$5.00 adult<br>\$4.00 senior<br>\$2.00 student 17+<br>Free – child with adult                                | The Superstition Mountain Museum collects, preserves and displays the artifacts, history and folklore of the Superstition Mountains, Apache Junction and the surrounding region.                                                                                                                                                                                                                   |
| Shemer Art Center and Museum<br>Phoenix                   | 25,000 est.       | Free<br><br>Admission fee for some special events                                                             | The Shemer Art Center and Museum is a historical site operated by the City of Phoenix Parks and Recreation Department as a family-oriented art education center and museum. Shemer offers a variety of fine art classes for all ages as well as a monthly professional development lecture series. Their exhibitions include traditional and nontraditional works by contemporary Arizona artists. |
| Arizona Historical Society Museum at Papago Park<br>Tempe | 22,500 est.       | \$5.00 adult<br>\$4.00 senior & students 12-18<br>Free under 12                                               | History Museum features collections of 19 <sup>th</sup> & 20 <sup>th</sup> -century items, china, silver, decorative arts, textile, clothing, tools, photos, books, maps, works by Arizona artists. Facilities include library pertaining to 20 <sup>th</sup> -century Arizona & Western history, 272-seat auditorium, 50-seat theater, catering kitchen, outdoor exhibitions.                     |
| Tempe Historical Museum<br>Tempe                          | 20,000            | No charge; donations accepted                                                                                 | Museum features collections of late 19 <sup>th</sup> & earth 20 <sup>th</sup> century domestic artifacts, farm & ranch equipment, business equipment, photos, & archives, gift shop. The Museum was recently expanded and re-opened in late Feb. 2010.                                                                                                                                             |

**Table V-4 (cont.)**  
**Selected Cultural and Nature based destinations in the Phoenix Metro Area and Scottsdale**  
**(Ranked by Attendance if Available)**

| Attraction/ Location                                              | Annual Attendance | Admission Pricing                                                             | Description                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| House of Broadcasting Radio & Television Museum<br>Scottsdale     | 1,500 est.        | No charge (donations accepted)                                                | Museum featuring exhibits on Arizona's radio & television broadcasting history & personalities; broadcasting artifacts; personal artifacts; photographs; costumes; autographed books.                                                                                                   |
| Sylvia Plotkin Judaica Museum of Temple Beth Israel<br>Scottsdale | 500 est.          | \$3.50 adult (suggested donation)                                             | Religious antiques museum housed in Temple belonging to oldest Jewish Congregation in the Phoenix area, featuring collections of Jewish arts & ceremonials from 1600 to present, archaeology of Israel, Tunisian period gallery of synagogue, pioneer Jews of Arizona, Biblical garden. |
| Heard Museum-North, Scottsdale                                    | NA                | \$ 5.00 adult<br>\$ 4.00 senior<br>\$ 2.00 student w/id<br>\$ 2.00 child 6-12 | A community location of the Heard Museum, featuring two exhibit galleries of American Indian artwork, and educational programs and special events like the annual Navajo Folk Festival                                                                                                  |
| African-American Multicultural Museum, Scottsdale                 | NA                | No charge                                                                     | Museum features exhibits on African-American art; history; and culture. Open limited hours Thurs.-Sat., other times by appointment.                                                                                                                                                     |
| Hoo-hoogam Ki Museum, Scottsdale                                  | NA                | No charge                                                                     | Collections featuring Salt River Pima-Maricopa cultural heritage & history; Pima basketry; Maricopa pottery; native dress; period furnishings; personal artifacts; sculpture; artwork; gift shop.                                                                                       |
| Wells Fargo History Museum, Phoenix                               | NA                | No charge                                                                     | Company history museum featuring Concord Stagecoach; Wells Fargo banking & express history; fine art, including paintings by N.C. Wyeth; mining; staging; early Phoenix history. Guided group tours; audiovisual programs; imaginary rides on replica stagecoach.                       |

Note: Attendance figures are rounded.

Source: Facilities listed; *Official Museum Directory 2010*; and ConsultEcon, Inc.

### Planned Nearby Attractions

Due to their proximity to the DDC, there are two planned attractions that may inform the planning and development of the DDC. Located in Scottsdale's downtown area adjacent to the Main Street Plaza, the Museum of the West will celebrate the story of the American West through exhibitions, educational programs and community outreach. According to its website, the new museum will be 45,000 square feet and museum supporters are in the midst of fundraising \$30 million for museum

construction and an endowment. A 2006 feasibility study projected annual attendance at 80,000. Newspaper reports indicate that the economic recession has created a challenging fundraising environment and the museum, which was planned to be completed by Arizona's Centennial in 2012, will be completed by the end of 2013.

The Odysea in the Desert is a proposed 500,000 square foot retail, restaurant and entertainment destination, located at Highway 101 and Via de Ventura, near Scottsdale in the Salt River Pima-Maricopa Indian Community. In addition to shopping and dining, planned attractions include an aquarium, a Ripley's Believe it or Not!, an IMAX theater, a butterfly pavilion, an Arizona experience and MagiQuest. There is no reported opening date for this proposed development.

### **Other Local Attractions**

In addition to the diverse array of cultural and nature based destinations described in the table, there are a number of other local attractions, including mixed-use destinations, parks and recreation, and important Scottsdale events, which draw large numbers of tourists. The following examples provide insight into competitive context for DDC and may be illustrative to developing visitor experience and facility plans due to the existing market appeal.

#### **Mixed-Use Destinations**

Mixed-use destinations, such as parks and recreation venues, are popular places for visitors to go. Some of the more popular of these include:

- ◆ **Papago Park** - Covers 1,200 acres and has numerous picnic sites with ramadas, tables, grills, water and electricity. The Park also contains fishing lagoons, bike paths, and a golf course. Two of east Phoenix's best known landmarks are in the Park, Hole-In-The-Rock, a natural geologic formation; and Hunt's Tomb, a white pyramid burial place of Arizona's first governor.
- ◆ **Historic Heritage Square** – A part of Heritage & Science Park that includes the Arizona Science Center, Phoenix Museum of History, restaurants and a parking garage. The Park is operated by the city of Phoenix Parks and Recreation Department in conjunction with the Rosson House-Heritage Square Foundation. This tourist center contains shops, museums and restaurants, and also includes the only remaining group of residential structures from Phoenix's original settlement.

### **Recreational Parks**

Piestewa Peak and South Mountain Park are among regional parks in Phoenix Metro Area that offer similar recreational opportunities to the McDowell Sonoran Preserve. Piestewa Peak, formerly known as Squaw Peak, is part of the Phoenix Mountains Preserve. The elevation of Piestewa Peak is 2,608 feet; the total elevation gain for the Summit Trail is 1,190 feet. According to the City of Phoenix, it is one of the most heavily used trails in the nation with 4,000 to 10,000 hikers per week. At over 16,000 acres, South Mountain Park and Preserve often is considered the largest municipal park in the country. There are more than 50 miles of trails for horseback riding, hiking and mountain biking. At 2,330 feet, Dobbins Lookout is the highest point in the park accessible by trail. With its location at the trailhead, the DDC will be visible to hikers.

### **Scottsdale Events**

Scottsdale has many cultural events throughout the year that are popular with residents and visitors alike. Some are more directly related to the proposed DDC than others and are also potential cross-promotional opportunities and marketing partners. McDowell Sonoran month in October every year encompasses a schedule of educational and recreational events that celebrate Scottsdale's unique desert environment. McDowell Mountain Music Festival is held annually at WestWorld, with proceeds benefiting Phoenix Day Child & Family Learning Center and Boys Hope Girls Hope of Arizona.

Attracting a similar demographic audience, there are more than 100 art galleries in Scottsdale, and Scottsdale ArtWalks are conducted every Thursday evening, year-round from 7 - 9 p.m. Each week, Scottsdale Gallery Association members host special exhibits - many with artist receptions - and join together for an informal come-and-go "open house" throughout the district. Several times per year, the Scottsdale Gallery Association holds Special Event ArtWalks with live music along the streets and special themed events.

The Parada del Sol Rodeo has been going on since 1956. The Parada del Sol Rodeo is a PRCA sanctioned rodeo and consists of four sessions over a period of three days; cowboys from all over the country participate. The Parada del Sol Rodeo is held at WestWorld in February.

In addition to Scottsdale events, there may also be opportunities to attract visitors attending major events in the Greater Phoenix Area.

## SUMMARY

Tourism is an important component of the Arizona economy, with over \$18.5 billion in visitor expenditures in 2008. Scottsdale is an important tourism destination in Central Arizona, known for its spas, resorts, golf course, art galleries and shopping destinations, as well as rich desert scenery. As a major new destination, the proposed DDC has the potential to draw visitation from tourists in Scottsdale, as well as tourists staying in other locations throughout the Phoenix Metro Area/Central Arizona. In addition the DDC's focus on desert ecology and the natural world, as well as its close proximity to primary loop highway (US 101) in the region, may draw visitors passing through the area en route to natural destinations throughout the state.

In 2008, the Scottsdale Market Area hosted 8.1 million visitors, comprised of 6.9 million (85 percent) day visitors and 1.2 million (15 percent) hotel visitors. The economic impact of these visitors was an estimated \$3.6 billion. Day visitors are currently defined as a proportion of total visitors to the Phoenix Metro Area, approximately 15.0 million in 2008, according to the Arizona Office of Tourism.

While Scottsdale only has 5 percent of the region's population, Scottsdale's Hotel Market Area contains about 27 percent of the Phoenix Metro Area's hotel and motel rooms. The Scottsdale Market Area had more than 75 resorts and hotels, with over 16,200 rooms in 2008. Due to their close proximity and length of stay, hotel visitors in the Scottsdale Market Area are good candidates for DDC visit. Therefore, the quality of the visitor experience at DDC should appeal to the typical Scottsdale visitor. Scottsdale tourists tend to be older, with higher incomes than the average Central Arizona visitor. Scottsdale visitors are well traveled, technologically connected, environmentally conscious, interested in other cultures, and enjoy sport/exercise. The DDC has the potential to appeal to the lifestyles and attitudes exhibited by Scottsdale visitors. Approximately 40 percent participate in outdoor activities—they also participate in other arts-related, cultural and heritage activities at rates greater than 50 percent. Many of the fine resorts in Scottsdale are located in close proximity to the DDC, creating an opportunity for shuttle service to and from the DDC, as well as guided experiences.

The DDC should appeal to other overnight visitors in the Phoenix Metro Area, including VFRs and visitors in seasonal homes. Compared to travel parties to the state as a whole, Scottsdale has a smaller proportion of travel parties with children. With activities geared towards families and

children, the DDC would have the potential to draw more travel parties with children, thereby expanding Scottsdale's tourism base. In 2007, there were an estimated 5.6 million VFRs. This market segment best attracted through "word of mouth" of the resident they are visiting. Based on a total of 67,700 seasonal housing units and an average of 10 visitors, including homeowners, family and guests per seasonal unit, there are an estimated 677,000 additional overnight visitors classified as seasonal visitors. Approximately 20 percent or 136,000 of the seasonal visitors are located in the City of Scottsdale. Day-trip visitors to the DDC will primarily come from the resident markets, evaluated in the prior report section, or from parts of Arizona outside the Phoenix Metro Area. This will likely be a small segment of the DDC's visitation.

The Phoenix Metro Area, which includes Scottsdale, offers many popular attractions, professional sports teams, major shopping malls, outdoor recreation, and a substantial accommodations base. In addition, there are a number of cultural and nature based destinations, including museums, parks, educational attractions, and historic sites. However, for a metropolitan area with over 4.3 million in population that is rapidly growing, there are few cultural and nature based destinations that achieve high levels of attendance, which would indicate that there is room to grow within the market. Attendance at the top tourist attractions in Phoenix Metro Area ranges up to nearly 1.5 million at the Phoenix Zoo, which has the largest number of visitors of the profiled attractions. There are five cultural/nature based destinations that draw an estimated 200,000 to 400,000 visitors annually, including the World Wildlife Zoo and Aquarium, Desert Botanical Garden, Arizona Science Center, the Heard Museum, and Phoenix Art Museum. Opened in April 2010, the Musical Instrument Museum is projected to have an annual attendance of 250,000. Taliesin West in Scottsdale has an annual (2008) attendance of 88,000.

Ticket prices at local facilities vary greatly, from \$2.00 at some of the smaller venues to \$16.00 at the Zoo, with the most popular attractions generally charging \$10.00-\$15.00 for adult admission. Ticket prices at the DDC should be in line with other attractions in the Phoenix Metro Area.

## Section VI

### SELECTED CONSERVATION AND EDUCATION DESTINATION CASE STUDIES

This section of the report includes case studies of selected conservation and education destinations to inform the development of the business plan for the Desert Discovery Center (DDC). There is no case study exactly comparable to the DDC, which has a unique location at the interface of a large urban area and a large natural preserve. The DDC is also located in a region with a large population and a community with a high level of tourism activity. The interpretive themes and experiences are unique to the place the DDC will be located, the McDowell Sonoran Preserve. The case studies are intended to inform several topical areas relevant to the development of the DDC and will reflect one or more of these areas, including:

- ◆ **Interpretive and Experience Focus** – The interpretive focus is on natural environments, primarily desert environments, with the exception of one newly built presidential library and museum. Visitor experiences, amenities and services offered are high quality and sufficient to warrant a half-day trip or longer.
- ◆ **Local Area Focus** – The facility interprets the natural environment of the local area and serves as a place to introduce people to it.
- ◆ **Immersive Visitor Experience** – The project incorporates an iconic immersive visitor experience among its offerings.
- ◆ **Project Scale** – The project is of moderate or large scale, and is adequately sized to its market potential and the visitor experience offered.
- ◆ **Features Sustainable Architecture** – Project elements and programming are related to a “green” building or other sustainable features, including site and building elements.
- ◆ **Project’s Market Focus** – The project appeals to resident and tourist markets.
- ◆ **Market Context** – The project is located in or near a large resident population. The facility can be located in remotely, but accessible to population centers, or densely populated areas. The project also has a large tourist population.

Each case study reflects one or more of the above attributes. Data in **Table VI-1** lists these in alphabetical order, and provides an overview of some of the characteristics of the case studies as they relate to potential attributes of the proposed DDC. Facility profiles reflect 2008 and 2009 data.

**Table VI-1  
Review of Selected Case Study Characteristics**

| Name                                                        | Interpretive and Experience Focus         | Local Area Focus | Immersive Visitor Experience |          | Project Scale | Features Sustainable Architecture |                                         | Project's Market Focus | Area Market Context |
|-------------------------------------------------------------|-------------------------------------------|------------------|------------------------------|----------|---------------|-----------------------------------|-----------------------------------------|------------------------|---------------------|
|                                                             |                                           |                  | Yes                          | No       |               | Yes                               | No                                      |                        |                     |
| Abraham Lincoln Presidential Library and Museum             | Presidential Library, Museum, and Complex | No               | Yes                          | Large    | No            | Resident / Tourist                | Moderate Population<br>Moderate Tourism |                        |                     |
| Arizona-Sonora Desert Museum                                | Desert Environment, Gardens, Zoo          | Yes              | No                           | Large    | No            | Resident / Tourist                | Large Population<br>High Tourism        |                        |                     |
| Desert Botanical Garden                                     | Desert Environment, Gardens               | No               | No                           | Large    | No            | Resident / Tourist                | Large Population<br>High Tourism        |                        |                     |
| High Desert Museum                                          | Desert Environment, Local Art and Culture | Yes              | No                           | Large    | No            | Resident / Tourist                | Low Population<br>Moderate Tourism      |                        |                     |
| Las Vegas Springs Preserve                                  | Desert Environment, Ecology, Conservation | No               | No                           | Large    | Yes           | Resident / Tourist                | Large Population<br>High Tourism        |                        |                     |
| Living Desert                                               | Desert Environment, Gardens, Zoo          | No               | No                           | Large    | No            | Tourist                           | Moderate Population<br>High Tourism     |                        |                     |
| Wild Center - The Natural History Museum of the Adirondacks | Natural History, Local Ecology            | Yes              | No                           | Moderate | Yes           | Resident / Tourist                | Low Population<br>High Tourism          |                        |                     |

Source: Facilities profiled and ConsultEcon, Inc.

## Overview of Case Studies

Following is list of case study summaries in alphabetical order, not ranked according to any ranking criteria. Detailed profiles of each attraction appear in **Appendix A**.

- ◆ **Abraham Lincoln Presidential Library and Museum** – Springfield, Illinois – The Presidential Library and Museum is a new, state-of-the-art facility with exhibits and programming reflecting the latest in technology and innovation. Exhibits are designed to evoke emotional impact and involvement of the viewer. Opening year attendance in 2005 was 600,000 and has since stabilized to about 400,000 visitors per year. The Museum is part of a larger library-gateway complex, and the Museum itself is 100,000 square feet with over 40,000 square feet of exhibits.
- ◆ **Arizona-Sonora Desert Museum** – Tucson, Arizona – This facility is a zoo, botanical garden, and natural history museum, attracting over 400,000 visitors annually. Eighty-five percent of the museum's exhibits are outdoors and incorporate 2 miles of pathways, over 21 acres. Facilities include the Center for Sonoran Desert Studies, ASDM Art Institute, two cafés, coffee bar and snack shop, and retail store.
- ◆ **Desert Botanical Garden** – Phoenix, Arizona – The botanical garden features a wide array of desert plants on over 50 acres. The garden holds a number of events each year, including musical events, culinary events, and desert plant sales. Total visitation is typically over 320,000, and in 2008, it was 369,000 due to a special exhibit. Garden facilities include café, gift shop, meeting space, research library, and herbarium.
- ◆ **High Desert Museum** – Bend, Oregon – This 110,000-square-foot museum focuses on living history and desert wildlife in the high desert of Oregon. The site is located near a National Forest and totals 135 acres. Exhibits are located indoors and outdoors, with over 150 live animals. 2009 attendance was 150,000. The facility includes a gift shop and café.
- ◆ **Las Vegas Springs Preserve** – Las Vegas, Nevada – This attraction, opened in 2007, has extensive interpretation, exhibits, and project elements. Built at a cost of over \$250 million, interior building space totals 176,000 square feet. The Nevada State Museum under construction will add 78,000 square feet. Located in the middle of Las Vegas, the site is 180 acres, with 8 acres of gardens and 1.8 miles of trails (2.6 miles upon completion). There is an outdoor amphitheater with 1,800 seats, as well as a 250-seat garden amphitheater and a 156-seat indoor theater. The Preserve's most recent annual attendance was over 200,000 visitors.
- ◆ **Living Desert** – Palm Desert, California – A large attraction, described as a zoo, botanical garden, nature preserve and natural history museum, the Living Desert has developed over time from its founding in 1970. The preserve encompasses 1,800 acres with 200 acres developed. Facilities include cafés, gift shops, a garden center, and a 600-seat outdoor amphitheater. Themed around the local desert as well as the African savanna, annual attendance in FY 2008-2009 was 325,000, including attendance to special events, tours, and programs.
- ◆ **Wild Center- The Natural History Museum of the Adirondacks** – Tupper Lake, New York – The museum opened in 2006 and is located on a 31-acre site near the geographic center of the Adirondack Park. The museum building is 54,000 square feet with 13,000

square feet of interior exhibit space. The museum features an outdoor trail system, main exhibit hall, the “Living River,” which follows a course from a marsh to its source at the summit of a High Peak, live animals, hands-on collections, and discovery boxes. Annual visitation is estimated near 100,000 visitors.

### **Summary and Findings**

Each case study highlights a destination educational attraction that is located in a special part of the country and interprets unique, local qualities and attributes, as well as other topics and themes. In addition to interpreting their own and other landscapes, the natural history-focused centers promote sustainability, conservation, environmental education, and stewardship of the land. A visitor will typically spend 2 to 4 hours at a destination attraction, and facilities offer many amenities including extensive exhibits, programs, demonstrations, special events and festivals, shows, films, walking trails, libraries, gardens, zoos, cafés, and gift stores. Following are summaries of key characteristics and lessons learned.

### **Facilities**

Data in **Table VI-2** provide a comparison of selected facility characteristics of case studies. The profiled destination conservation and education destination range in size from 54,000 square feet to 176,000 square feet, and they offer a wide variety of exhibits, amenities, and services. Program areas include exhibits, indoor and outdoor spaces, walking trails, outdoor amphitheaters, auditoriums, libraries, cafés, and retail stores.

**Table VI-2  
Facility Size Characteristics of Selected Case Studies**

| Name                                                        | Location        | Opening/<br>Founding | Building Size (SF)                | Land Area<br>(acres) |
|-------------------------------------------------------------|-----------------|----------------------|-----------------------------------|----------------------|
| Abraham Lincoln Presidential Library and Museum             | Springfield, IL | 2005                 | Total: 200,000<br>Museum: 100,000 | NA                   |
| Arizona-Sonora Desert Museum                                | Tucson, AZ      | 1952                 | 70,000 +                          | 21                   |
| Desert Botanical Garden                                     | Phoenix, AZ     | 1937                 | NA                                | 50                   |
| High Desert Museum                                          | Bend, OR        | 1974                 | 110,000                           | 135                  |
| Las Vegas Springs Preserve                                  | Las Vegas, NV   | 2007                 | 176,000                           | 180                  |
| Living Desert                                               | Palm Desert, CA | 1970                 | NA                                | 200                  |
| Wild Center - The Natural History Museum of the Adirondacks | Tupper Lake, NY | 2006                 | 54,000                            | 31                   |

Source: Facilities profiled and ConsultEcon, Inc.

Several conservation and education destination have been developed over time, including the Arizona-Sonora Desert Museum, Desert Botanical Garden, and Living Desert. Others, such as the Wild Center, Las Vegas Springs Preserve, and Abraham Lincoln Presidential Library and Museum, were built recently using technology and advances in environmental design and construction. Las Vegas Springs Preserve, a large facility with seven LEED-certified<sup>10</sup> buildings, has many interactive and immersive exhibits related to the natural and cultural history of the area. The preserve focuses on desert ecology and sustainability, and has over 110 permanent exhibits and a 1,800-seat outdoor amphitheater, as well as many other amenities including a Wolfgang Puck café overlooking the Las Vegas Strip. Las Vegas Springs Preserve was built at a cost of over \$250 million in 2007.

Opened in 2007, The Wild Center is a 54,000-square-foot, LEED-Silver building overlooking a 3-acre pond. It is located on a 31-acre site within the Adirondack Park. It includes a number of features that mix the indoors and outdoors, including a river flowing around the inside of the museum's main Hall of the Adirondacks, wetlands exhibit connecting directly through a giant glass window to a living marsh outside, indoor waterfall, towering glacial ice wall, high-definition

<sup>10</sup> LEED stands for Leadership in Energy and Environmental Design and is a program of the U.S. Green Building Council that certifies buildings as meeting standards for energy savings, water efficiency, CO2 emissions reductions, improved indoor environmental quality and overall stewardship of resources.

interactive films, a wide-screen theater, and indoor trail leading from an Adirondack Lean-to in the Museum's Great Hall to a replica of the summit of a mile-high mountain. The center has a café and gift shop.

The DDC will be constructed using LEED or other green building guidelines. As other environmentally oriented and education oriented destinations, there is an opportunity to integrate the design and construction of the building with interpretive themes and exhibits, perhaps relating to nature and engineering. Moreover, while sustainable design and building may result in higher capital investment costs, there are potential savings over the facility's lifecycle through energy reduction and water conservation. As well, a green building has the potential to create public interest, community awareness, educational opportunities, and marketing themes.

### **Exhibits**

The educational destinations recently constructed employ the latest technology in their exhibits. This is true at the Abraham Lincoln Presidential Library and Museum where exhibits use historically accurate life size figures, technology, and interactive approaches. There is a holographic theater that brings Lincoln documents and rare artifacts to life, such as Lincoln's hat and the original Gettysburg Address. The museum complex is the focal point of other important Lincoln historic sites in Springfield, Lincoln's home and origin of his political career.

The profiled educational destinations report that special exhibits increase attendance and give visitors new reasons to return. The High Desert Museum shows a 14 percent increase in attendance this year due to increased marketing, and more attention to special exhibits. They have changed their temporary exhibit policy, and now have 9 new exhibits per year, displayed for short amount of time, typically 3 to 6 months. Previously, "temporary" exhibits were displayed for longer periods. Rather than the traditional history museum exhibit, the facility is showing all aspects of central Oregon pioneer life, such as *Sin in the Sagebrush*, which is drawing larger crowds than exhibits in past years. Over half of their attendance is from Oregon, and visitors reportedly need new and exciting reasons to visit the museum. Another example of a successful special exhibit is *Chihuly, the Nature of Glass* at the Desert Botanical Garden. This exhibit led to a significant increase in attendance.

### **Special Events, Festivals, and Programs**

Facilities report celebrations, festivals, and special programs increase attendance and expand the audience. Approximately 180,000 children participated in the reading of the Gettysburg Address, both in person and virtually, during the Lincoln bicentennial celebrations held at the Abraham Lincoln Presidential Museum and Library. Other institutions report high attendance at holiday and nature-oriented special events. Some are held annually such as the Haunted Harvest and Winter Lights Festival at the Las Vegas Springs Preserve with a combined attendance of 30,000. Summer Saturdays at the Arizona-Sonora Desert Museum are popular with families drawing 5,000 visitors each Saturday. For this program, ticket pricing is reduced by almost half, and families and residents attend as contrasted to the typical attendee who tends to be a tourist adult visiting during the winter.

### **Market and Attendance**

Not merely visitor centers or nature centers, educational destinations are multi-faceted and most have weathered the storm of the recent economic downturn. Many report slight reductions in attendance in 2008-2009; hardest hit are those in tourist areas a substantial distance from population centers, but many report that their attendance declines are the same or less than those of other area attractions. Data in **Table VI-3** provide population and attendance characteristics of the profiled educational destinations. Recent data show that annual attendance in 2009 ranged from 100,000 to over 400,000.

The profiled facilities report that drive markets are still strong as is visitation from European tourists. The Las Vegas Springs Preserve anticipates a 20 percent increase in attendance in 2010, and the High Desert Museum showed a 14 percent increase this past year. In 2009, Lincoln's bicentennial year, the Abraham Lincoln Presidential Library and Museum's attendance rose by 17 percent. The Living Desert projects a 6 percent increase in attendance in 2010, the result of marketing targeted at its drive markets, which include Los Angeles and San Diego.

Both the opening year of a new facility and special exhibits at established sites drive attendance higher than is typical, with the opening year at Abraham Lincoln Presidential Library and Museum at 600,000 (stabilized is about 400,000), and the Chihuly exhibit at the Desert Botanical Garden bringing 550,000 visitors in a six-month period, almost twice the typical yearly attendance.

**Table VI-3  
Market Population and Attendance of Selected Case Studies**

| <b>Name</b>                                                 | <b>Location</b> | <b>Metro Area or County</b>          | <b>2009 Metro /<br/>County<br/>Population</b> | <b>Annual<br/>Attendance</b> | <b>Attendance to<br/>Population Ratio</b> |
|-------------------------------------------------------------|-----------------|--------------------------------------|-----------------------------------------------|------------------------------|-------------------------------------------|
| Abraham Lincoln Presidential Library and Museum             | Springfield, IL | Springfield, IL                      | 208,000                                       | 410,000                      | 1.97                                      |
| Arizona-Sonora Desert Museum                                | Tucson, AZ      | Tucson, AZ                           | 1,020,000                                     | 400,000                      | 0.39                                      |
| Desert Botanical Garden                                     | Phoenix, AZ     | Phoenix-Mesa-Scottsdale, AZ          | 4,364,000                                     | 320,000                      | 0.07                                      |
| High Desert Museum                                          | Bend, OR        | Bend, OR                             | 159,000                                       | 150,000                      | 0.95                                      |
| Las Vegas Springs Preserve                                  | Las Vegas, NV   | Las Vegas-Paradise, NV               | 1,903,000                                     | 206,000                      | 0.11                                      |
| Living Desert                                               | Palm Desert, CA | Riverside-San Bernardino-Ontario, CA | 4,143,000                                     | 325,000                      | 0.08                                      |
| Wild Center - The Natural History Museum of the Adirondacks | Tupper Lake, NY | Franklin County, NY                  | 50,000                                        | 100,000                      | 1.99                                      |

Note: Population and attendance figures are rounded to the nearest 1,000.  
Source: Facilities profiled, Census Population Estimates 2009, and ConsultEcon, Inc.

**Ticket Prices**

Data in **Table VI-4** show adult ticket prices at the profiled case studies. In season, the profiled facilities charged between \$10.00 and \$18.95 for an adult ticket. Las Vegas Springs Preserve offers Nevada state residents half-price tickets, and Abraham Lincoln Presidential Library offers various Illinois counties half-price tickets on a rotating basis. These measures were taken to increase local and regional attendance and encourage audience diversity. The Arizona-Sonora Desert Museum and the High Desert Museum reduce ticket prices in their off-seasons. On the other hand, the Desert Botanical Garden increased their adult ticket price from \$10.00 to \$15.00 at the beginning of the Chihuly show in November 2008, with no adverse effect on attendance. The Living Desert eliminated their reduced summer admission fees, and although their attendance had dropped 5 percent or more in the last few years, it is expected to rebound by 6 percent in 2010.

**Table VI-4  
Adult Ticket Prices of Selected Case Studies**

| <b>Name</b>                                                 | <b>Adult Ticket Price</b>                            |
|-------------------------------------------------------------|------------------------------------------------------|
| Abraham Lincoln Presidential Library and Museum             | \$10.00                                              |
| Arizona-Sonora Desert Museum                                | \$13.00 (high season)<br>\$9.50 (low season)         |
| Desert Botanical Garden                                     | \$15.00                                              |
| High Desert Museum                                          | \$15.00 (May to Sept.)<br>\$10.00 (Oct. to April)    |
| Las Vegas Springs Preserve                                  | \$18.95 (non-residents)<br>\$9.95 (Nevada residents) |
| Living Desert                                               | \$12.50                                              |
| Wild Center - The Natural History Museum of the Adirondacks | \$15.00                                              |

Source: Facilities profiled and ConsultEcon, Inc.

**Governance, Management and Operations**

Data in **Table VI-5** present selected operating characteristics of case studies of educational destinations. Following is a discussion of various components of operations.

**Table VI-5  
Operational Characteristics of Selected Case Studies**

| Name                                                          | Governance Structure    | Operational Revenue | Non-Operational Revenue | Operating Expenses | Operational Revenue as a Percent of Operating Expenses | Full-Time Equivalent Employees <sup>2/</sup> | Number of Volunteers | Operating Expenses per FTE Employee |
|---------------------------------------------------------------|-------------------------|---------------------|-------------------------|--------------------|--------------------------------------------------------|----------------------------------------------|----------------------|-------------------------------------|
| Abraham Lincoln Presidential Library and Museum <sup>1/</sup> | State and Non-Profit    | NA                  | NA                      | \$10,000,000       | NA                                                     | 47.5                                         | NA                   | \$211,000                           |
| Arizona-Sonora Desert Museum                                  | Non-Profit              | \$5,117,000         | \$3,036,000             | \$8,056,000        | 64%                                                    | 122                                          | 500                  | \$66,000                            |
| Desert Botanical Garden                                       | Non-Profit              | \$4,764,000         | \$6,811,000             | \$8,537,000        | 56%                                                    | 110                                          | 1,166                | \$78,000                            |
| High Desert Museum                                            | Non-Profit              | \$2,200,000         | \$1,306,000             | \$3,972,000        | 55%                                                    | 44                                           | 250                  | \$90,000                            |
|                                                               | Public Water            |                     |                         |                    |                                                        |                                              |                      |                                     |
| Las Vegas Springs Preserve <sup>3/</sup>                      | District and Non-Profit | \$1,569,000         | \$10,633,000            | \$12,182,000       | 13%                                                    | 89                                           | 220                  | \$137,000                           |
| Living Desert                                                 | Non-Profit              | \$5,876,000         | \$1,407,000             | \$9,088,000        | 65%                                                    | 110                                          | 550                  | \$83,000                            |
| Wild Center - The Natural History Museum of the Adirondacks   | Non-Profit              | \$1,942,000         | \$2,901,000             | \$4,676,000        | 42%                                                    | 42                                           | 150                  | \$111,000                           |

<sup>1/</sup> Because this is a public-private partnership that operates both a museum and library, employee estimate does not include 30 employees at library.

<sup>2/</sup> Part-time employees at 50% of full-time employee and seasonal employees at 25% of full-time employee.

<sup>3/</sup> The Las Vegas Water District provides large majority of non-operational revenue, as part of their public education and conservation mandate.

Note: Figures are rounded to the nearest 1,000. NA = Not Available.

Source: Facilities profiled, Guidestar, and ConsultEcon, Inc.

### **Governance**

Five of the seven facilities profiled are private, not-for-profit institutions. The Abraham Lincoln Presidential Library and Museum and Las Vegas Springs Preserve are publically owned and operated but supported by foundations for the purpose of membership, fundraising, marketing, and volunteer and donor programs. These public-private partnerships, for the most part, can enhance an institution by widening and expanding support for the facility, its exhibits and programming.

### **Operating Budget**

The profiled educational destinations had annual operating budgets that ranged from \$4.0 million to \$12.1 million. Larger facilities tend to have higher budgets. The institutions with the highest operating budgets are the Abraham Lincoln Presidential Library and Museum and the Las Vegas Springs Preserve. Both of these are publically owned and operated, and in addition, have private foundation support. Both are very large, comprehensive facilities.

### **Employees**

The profiled educational destinations employed between 42 and 122 full-time equivalent employees. Of these, most are full-time employees, but many sites have a small number of seasonal and part-time employees, as well as a volunteer or docent program.

### **Revenue**

The Operational Revenue potential can be significant for educational destinations. In addition to charging admission fees, educational destinations can earn revenue through retail and food service, facility rentals, program and special events fees, and membership dues. Revenue from Operational Revenue covers between 13 percent and 65 percent of the profiled organizations' operating costs.

### **Membership**

All profiled facilities have membership programs. Family membership fees range between \$50.00 and \$100.00. Membership numbers range from 5,000 to 22,500. Older, established facilities and those in large urban areas such as the Arizona Sonora Desert Museum and Desert Botanical Garden have memberships of over 20,000. Whereas the Wild Center recently opened and while located in a sparsely populated area, it has 5,000 memberships. It is similar in setting to the High Desert Museum that opened in the 1990's with 5,000 memberships.

### **Food Service and Retail**

All profiled facilities have cafés and gift shops, from simple to more elaborate facilities; some have more than one café and/or gift shop. Most food service and retail operations are outsourced to vendors. Reportedly very successful is the Abraham Lincoln Presidential Library and Museum Store. It is outsourced to Event Network, with patrons buying books to learn more about Lincoln after their visual experience in the museum. Garden shops and plant sales are popular at the Desert Botanical Garden and Living Desert.

### **Marketing**

Marketing is a significant factor in attendance with marketing budgets ranging from \$150,000 to \$500,000 annually, with many in the \$225,000 to \$260,000 range. Facilities report that no matter the exhibit, event or program, marketing is a key factor to visitation. Without it, the public does not know of the program and is not enticed to attend. Where there is high attendance, one finds a large budget for marketing and a focus on multiple market segments. All facilities report that increased marketing has led to greater visitation.

For its blockbuster special exhibit, the Desert Botanical Garden spent \$500,000 marketing *Chihuly, the Nature of Glass*, twice the normal annual marketing budget. Prior to hosting the exhibit, the Garden analyzed visitation and operational data from Chihuly shows elsewhere, and estimated revenues conservatively for careful planning and promotion. Abraham Lincoln Presidential Library and Museum had 600,000 visitors in its opening year. Attendance declined to 350,000 in 2008, but after a marketing director was hired, visitation rose to 410,000 in 2009, a 17 percent increase, when the museum promoted the Lincoln bicentennial year. Without marketing, this special event may have gone relatively unnoticed. Las Vegas Springs Preserve has recently refocused on marketing to promote their programs with added special events and festivals giving visitors new reasons to return to the park. They have seen a 20 percent increase in attendance this year.

### **Success Factors**

Following are success factors identified by a review of the case studies.

- ◆ Image-able, unique setting that is well-located for accessibility.
- ◆ Outstanding facility that highlights its setting and interpretive programming. Newer facilities are “green” and/or LEED certified.

- ◆ Staying true to the mission of the facility.
- ◆ High quality, immersive exhibits that tell a story.
- ◆ Exciting, changing exhibits that bring in new and returning audience.
- ◆ Special events and festivals that appeal to a wide demographic.
- ◆ Aggressive marketing that promotes the facility, its exhibits and special programming.
- ◆ Competitive ticket pricing.
- ◆ Strong educational programs for adults, children, families, and school groups.
- ◆ Appropriate staffing.
- ◆ Cost controls and careful operational planning.
- ◆ Retail, food service and other guest services that allow visitors to spend more time and dollars at the facility.
- ◆ Public/private partnerships that allow for membership and donor opportunities.

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## Section VII

### PRIMARY MARKET RESEARCH

Direct input from potential resident and tourist market visitors provides important insights to the design process, the operating plan and to attendance potential at the DDC. The purpose of primary research is to inform the planning and design process, check results of the market and operations study contained herein, and verify consumers are amenable to potential design concepts. It is important to note that the primary market research does not have a derivative purpose. In other words, the research results are not direct inputs into assumptions about DDC operating performance.

Two primary market research protocols were undertaken. First were focus groups of Scottsdale residents and of other Phoenix area residents. These provide qualitative insights to the project and help to provide information for the second research protocol. Next was an online quantitative survey of past and potential future Scottsdale tourists, Scottsdale residents and of other Phoenix area residents.

Following is a brief summary of the research protocols. Appendix B provides a full summary of the focus group process and results. The focus groups study objectives were:

- ◆ Understand the breadth and depth of knowledge, as well as emotional attachment, to the Sonoran Desert ecosystem and environment – including Scottsdale’s McDowell Sonoran Preserve.
- ◆ Describe interest in Scottsdale’s proposed Desert Discovery Center (DDC).
- ◆ Measure public resonance and interest in the proposed DDC’s layout and architecture.
- ◆ Measure response and reaction to the proposed exhibits and offerings of the DDC.
- ◆ Gauge visitation interest and general pricing expectations.

Key findings include:

- ◆ When prompted, participants display interest and concern about the desert environment. Many are keenly aware of the uniqueness of the desert environment in which they live. They are concerned with its preservation in a natural state and the impact that development has had on it.
- ◆ Participants are very positive about integrating the built environment into the pristine Sonoran Desert setting, creating a green and sustainable preserve, and celebrating the beauty of the Sonoran Desert.

- ◆ All participants expressed positive to extremely positive perceptions toward the DDC concept as presented in the focus groups. Most were excited about the prospect of the DDC project and all were supportive of the plan as presented. No serious reservations about any aspect of the plan were raised although participants were more probing about the details and specifics. In the end, public support and success of the project will be based on providing the “world-class” offering promised and presented.
- ◆ An admission price of \$20-\$25 dollars is implied from the responses of these 19 participants to a survey administered at the end of the focus groups.

### Online Survey

A statistically valid online survey was conducted. The survey investigated consumer attitudes toward the Sonoran Desert, the McDowell Sonoran Preserve and the DDC concept. Interest in attending, repeat visitation potential, interest in food service and retail, ticket pricing and other specific DDC project issues were investigated in detail. The survey included 698 representative individuals from the following groups:

- ◆ Scottsdale Residents            122 in Sample
- ◆ Greater Phoenix Residents    103
- ◆ Non Residents (tourists)       473
- ◆ **Total**                                **698** in Sample

Following were the specific goals of the survey:

- ◆ The overall objective of this research is to gauge the level of interest in a Desert Discovery Center (DDC) to be located at the Scottsdale McDowell Sonoran Preserve.
- ◆ Target segments for analysis are Scottsdale and Greater Phoenix-area residents and past and future area tourists and visitors.

Specific objectives include:

- ◆ Evaluation of desert location and McDowell Sonoran Preserve site for DDC.
- ◆ Evaluation of the Desert Discovery Center concept, vision, goals and its proposed size and scope.
- ◆ Evaluation of exhibit concepts including the immersive experience Magical World.
- ◆ Evaluation and likely use of attraction amenities such as food and beverage offerings, gift shop, etc.
- ◆ Estimate likelihood of attendance by segments, desirability for potential users, and potential for re-visits.
- ◆ Evaluate potential for various types of usage.
- ◆ Determine potential admission prices and price structure.

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## Summary of Survey Results

### Overall Response

- ◆ There is substantial agreement about the desirability of a Desert Discovery Center (DDC).
  - Generally, tourists and visitors are even more supportive of DDC than are local residents of Scottsdale and elsewhere in the greater Phoenix area.
- ◆ The size and scope of the proposed DDC is about right for 75-90% of respondents whether for the desert location, the City of Scottsdale, or the Greater Phoenix Scottsdale Area.
  - Scottsdale residents are most likely (only 24%) to say the proposed project is too big for the desert setting.
- ◆ More than 80% of respondents find the indoor/outdoor layout and the overall "vision" for the Desert Discovery Center desirable. More than one-third say it is "very desirable".
  - About 70% say the layout of the grounds is easy to navigate and about 60% recognize the pavilion designs as "works of art".
  - About 75% say the DDC design looks "cool and refreshing" while blending appropriately with the desert environment and showcasing the desert flora.

### Exhibits and Attractions

- ◆ About 25-35% of respondents say an immersive experience is "very desirable" for the proposed DDC. When including all those who say an immersive experience is desirable, the percentage increases to 70-80%. It is important to note that the immersive experience cannot be as readily conveyed in the survey instrument as other potential visitor experiences. Thus, this experience may not score relatively as well the other experiences.
  - About the same number say the immersive experience Magical World is "very desirable."
  - Seventy to eighty percent (70-80%) of respondents say the four storyboards tested are desirable for inclusion in the immersive experience.
  - Of the four storyboards tested, Sunrise tested lowest with just below 70% of locals saying it is desirable.
  - Dimensional analysis identifies Geologic Time as least closely related to the other storyboards in the minds of respondents.
- ◆ Eighty to ninety percent (80-90%) of respondents say all five exhibits tested are desirable, with 30-50% saying "very desirable."
  - The Children of Tomorrow exhibit is ranked most desirable for inclusion but fewest "wanting to experience" (perhaps because most people recognize the need for children friendly experiences but finding them least important to their own enjoyment.
- ◆ People like the scenic vistas and the hiking and walking opportunities offered by the proposed Desert Discovery Center site.

- Tourists and visitors appreciate the scenic vistas enhanced by early morning and late afternoon lighting consistent with the storyboard preferences for the immersive experience.
- ◆ Most people (>50%) say the proposed DDC should promote understanding and appreciation of the desert and its ecosystem.
- ◆ DDC is perceived to be equally desirable (80-90%) for adults and children.
- ◆ Eighty-five to ninety percent (85-90%) recognize DDC as desirable for tourists and those visiting family and relatives.

### Attendance

- ◆ Sixty percent (60%) of Scottsdale residents and 40% of Phoenix area residents are more than “likely” to visit over the course of a year.
  - Thirty percent (30%) of tourists/visitors are more than “likely” to visit DDC when in the metro-area.
  - No more than 20% of all respondents say they are unlikely to visit DDC.
- ◆ Tourists/visitors (30%) are at least “likely” or “very likely” to visit DDC during their Scottsdale trip.
- ◆ Tourists/visitors are least likely to be effected by season in their likelihood of visiting DDC.
- ◆ Keeping with the goals for DDC, 55-60% of locals say DDC is “very desirable for school outings and educational programs.”
- ◆ Eighty to ninety percent (80-90%) say DDC is a desirable destination experience for “visits of 1-3 hours with family or friends”.
- ◆ DDC is intriguing enough that about 90% say they are likely to visit more than once.
  - About 15% of local residents say they are likely to visit on average six or more times per year and the average local resident will visit about four (4) times each year.
  - Even among tourists/visitors, the average number of visits is greater than one.
- ◆ The closer one lives to DDC the shorter the expected length of visits.
  - Many tourists/visitors expect a visit to last more than four hours.
  - Phoenix residents expect their visits to average a little less than four hours.
  - Scottsdale residents expect their visits to last about three hours.

### Usage

- ◆ Seventy to eighty percent (70-80%) say outdoor activities, like hiking, are desirable as part of their DDC visit. Such use would be consistent with the capacity of the individual audience members, with many taking short walks, while others would have much more extensive outdoor experiences.
  - More than 80% are likely to use DDC for access to the McDowell Preserve and its hiking trails.

- Forty to sixty percent (40-60%) say they are likely to use hiking supplies or rental mountain bikes if offered.
- ◆ Food and beverage service should be included in the DDC.
  - Beverage service is a must for the 80-90% likely to use it and 30-50% are likely to consume beer, wine, and cocktails.
  - Twenty to forty percent of people say they are likely to have a table cloth dinner at DDC while as many as 80% say they are likely to have a casual café lunch at DDC.
  - Breakfast is also likely for 65-70% of respondents.
- ◆ Thirty to forty-five percent (30-45%) say DDC is a desirable location for drinks with friends and to socialize with friends or co-workers after work.
- ◆ More than 50% say DDC is a desirable setting for social events like weddings and parties.
  - Two-thirds of all respondents would want to attend a social or business event held at DDC.
  - Forty to Fifty percent (40-50%) of locals would consider renting DDC for a social event or occasion.

### Pricing

- ◆ Respondents like the idea of family pricing, annual memberships, and season passes.
- ◆ Admission prices lower than \$9.00 are counterproductive and above \$20.00 are too high (i.e., begins to be too high) for the proposed Desert Discovery Center. The results reflect consumer expectations and perceptions of price-value, and do not necessarily reflect the optimum pricing from the perspective of economic sustainability.
- ◆ The market varies in its expectations about admission price levels and could support a two or three-tiered pricing system. However, such a pricing approach may not be the optimum choice for the DDC based on other operating and market considerations.
  - Tourists/Visitors expect to pay higher admission and report willingness or ability to pay 50-60% more than Scottsdale and Phoenix-Area residents would.
  - Phoenix-Area residents expect to pay slightly higher (\$1-\$2 more) admission and report willingness or ability to pay as much as 10-20% more than Scottsdale residents.

These are consumer responses to the project description as presented. Ticket prices assumed in this report are based on the value of the DDC experience relative to Phoenix area visitor attraction's ticket prices, comparable projects nationally, as well as the input from this survey.

The full survey report is presented in **Appendix C**.

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## Section VIII

### DESERT DISCOVERY CENTER ATTENDANCE POTENTIAL

Following is an evaluation of the attendance potential of the DDC as proposed. The attendance potential analysis reflects the project's scale and design, the exhibit plan the organization and operating plan as outlined herein; and the active programming, changing exhibits, marketing and events activity as planned. In addition, the attendance and operating potential take into consideration the results of the Olinger Group's focus group (see **Appendix B**) and on-line survey (see **Appendix C**) primary market research findings.

#### **Conservation and Education Destination Success Factors**

Planning, creating and operating a conservation and education destination, such as the DDC, is a substantial undertaking. Audiences today are exposed on a daily basis to extremely high-tech, high-quality media at work or school and on television. Due to high audience standards, those in the entertainment and educational destination industry have adopted the same high quality techniques to attract visitors. As the expectations by audiences of leisure time products and educational experiences are very high, a successful conservation and education destination must meet audience expectations of value, provided both in terms of money and in terms of time spent. To achieve its goals for interpretive and economic success, a destination such as the proposed DDC should fulfill the following criteria.

- ◆ **Exhibit Quality and Audience Appeal** – The interpretive elements should have a high degree of interest and/or relevance to the audience. Audience expectations of content and presentation have risen dramatically.
- ◆ **Good Location** – The accessibility and visibility of the location is critical to its market success. Facilities in outstanding locations, from an accessibility and visibility perspective, naturally have the greatest market opportunity.
- ◆ **Critical Mass of Attraction Elements** – There must be sufficient attraction content to appeal to a diverse audience with a degree of subject interests, ages and educational levels. There must be a variety and quantity of experiences for the visitor to feel they have visited a special place.
- ◆ **Exhibit Quality and Audience Appeal** – The conservation and education destination must have sufficient quality and quantity of content to warrant a special trip, and to possibly forego alternative activities. Typically, this implies that more than one hour is spent experiencing the conservation and education destination, with a target length of stay of perhaps one and a half to two or more hours. When combined with a meal or

snack, shopping for souvenirs, taking a walk and/or relaxing in an outdoor area or taking a hike, the experience must be the focal point of a half-day or full day recreational experience. Most importantly, it must be an entertaining experience.

- ◆ **Repeatability** – For most conservation and education destinations of the scale being analyzed, the resident market is the focus audience, and a repeat visitation pattern is necessary for success. To bring an audience back, the conservation and education destination must have exhibits, program and site qualities that justify repeatable experiences. Changing and interactive exhibitry, consistently new and innovative programming and special/annual events are successful ways for projects of this type to encourage repeat visitation.
- ◆ **Serves Visitor and Residents** – Conservation and education destinations of the scale proposed can and should focus on both visitor and resident markets. Planning for and marketing to both groups ensures both maximum and year-round visitation. Further, successful local marketing is an essential approach to attracting the visitor market, as many tourists are visiting friends and relatives, and many locals advise out-of-towners on the best local attractions.
- ◆ **Serves as an Event Venue for Facility Rentals** – Visitor attractions and museums and are increasingly being used as “unique” event venues for facility rentals. Conservation and education destinations located in desirable nature based settings especially those with great views, have been very successful in this regard. Further, when the facility is designed to accommodate this use and is physically large enough, interesting event spaces can be created. In Scottsdale, the proximity of a substantial tourist population and a large hospitality resources base makes this a good business opportunity. In order to serve this market segment, the building program must support catering, and the facility staff and operation must successfully market and administer the events.
- ◆ **Marketing and Programs** – Successful conservation and education destinations allocate resources to creatively reach their resident and tourist markets. The marketing must not only describe the quality of the conservation and education destination, but also create excitement among potential visitors to travel to the conservation and education destination. Marketing in channels that reach enthusiasts is an important success strategy. Ongoing programming is important in attracting first time visitors and repeat visitors.
- ◆ **Comprehensive Facility and Programs** – The facility and its programs should be comprehensive to include spaces for groups to gather for informal education, information provision and visitor center functions, spaces for events and facility rentals, venues for lectures and presentations, retail and food service offerings and adequate office space and back-of-house areas to fully support the multiple activities that would occur on site.
- ◆ **Sound Financial Base** – An appropriate project scale for the potential audience is important so that revenues can support both operations and the physical infrastructure of the facility. Entrance fees must be set to maximize revenues while maintaining optimum visitation levels given the markets to be served. Operations and marketing must sustain the audience size and the physical infrastructure and provide a quality visitor experience. Operations must be scaled to the particular attributes of the facility, including staffing, seasonality and other factors. Meeting these requirements would help to create a sound financial base.

The DDC has the potential to become a successful project. Following is a discussion of factors underlying the estimate of visitation to the project.

- ◆ **Attraction Elements** – DDC has been designed as a conservation and education destination that would become a high-profile regional serving attraction with substantial resident market and tourism market appeal. It would attract audiences with a wide range of interest in the desert environment. DDC will offer indoor and outdoor interpretation; access to an interpreted loop trail; as well as immediate access to the larger McDowell Sonoran Preserve trail system.
- ◆ **Location, Site and Accessibility** - A successful conservation and education destination must be highly accessible both locally and regionally. Scottsdale and the subject site have good regional accessibility. Within Scottsdale, the DDC location is readily accessible and can have an effective signage and wayfinding program.
- ◆ **Available Markets** - The DDC will draw a major portion of its attendance from resident markets. The estimated 2012 population of the City of Scottsdale, the Primary Resident Market Area, is 250,200. The Secondary Resident Market Area is the area within a 30-minute drive of the site (not including Scottsdale). It has an estimated 2012 population of 2,059,400. The Tertiary Resident Market is the remainder of the Phoenix Metropolitan Area with an estimated 2012 population of 2,292,000.
- ◆ **Scottsdale is an urban tourism destination.** Scottsdale and the surrounding area have an active tourism economy. Scottsdale attracts large numbers of visitors -- the most recent year for which data are available, the Scottsdale Market Area<sup>11</sup> hosted 7.7 million visitors, comprised of 6.4 million day visitors and 1.3 million hotel visitors. In addition, there are millions of visitors to other places in the Phoenix metro area that would be DDC visitor prospects given its proposed unique offerings.
- ◆ **Facility Pricing** - The facility's ticket prices are assumed to be in keeping with the breadth and quality of the visitor experience, and the time a visitor would spend at the DDC. In current value of the dollar, the ticket price should be competitive with other comparable attractions in the region, and should take into account income levels of the resident population. DDC assumes an admission fee of \$15.00 for adults, \$12.25 for seniors, \$9.00 for youth and \$6.00 for students in groups. An allowance for coupons and discounts has also been included in this plan at 5 percent of ticket prices. These ticket price assumptions were informed by the comparable facilities and ticket prices in the Phoenix Metro area. The results of the primary market research undertaken for this plan also provided input to the ticket price assumptions. The assumptions are focused on balancing ticket revenues with strong attendance patterns.
- ◆ **Competitive Context** – There are several nature-based attractions in the greater Phoenix area and therefore provide some competition for visitors. These include the Phoenix Zoo, Desert Botanical Gardens, which are both first-rate and popular attractions. The DDC as proposed however would be uniquely positioned from two perspectives. First, it will be located in perhaps the premier Phoenix-area accessible wilderness area; second, it would be

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<sup>11</sup> See Section IV for full details on Scottsdale area tourism economy.

directly focused on the local environment rather than biomes from around the world. Therefore, it could position itself uniquely in the market.

- ◆ **Marketing and Programs** - The design and operating plan for the DDC assumes an ongoing marketing effort aimed at prime audiences, which include the defined resident market area, as well as Scottsdale tourists and tourists to the greater Phoenix area. With the tourism audiences, there are marketing channels that can be used to build awareness of the DDC. These include hotel and information center “pamphlet racks”; cooperative marketing with the Scottsdale Convention and Visitors Bureau; co-operative marketing with the other nature-based attractions in the greater Phoenix area; local newspapers and radio spots and other marketing channels.
- ◆ **Days Open** - It is recommended that DDC operate year-round. Closing days for major holidays would depend on the local market and operating experience.

### **Attendance Potential**

The DDC has substantial attendance potential from resident and visitor markets. The estimate of attendance potential at the DDC has been prepared through a “gravity model” analytical approach. That is, the propensity to visit this conservation and education destination is strongest among people who reside the closest, or who are visiting areas closest to the facility. In addition, attendance prospects who are staying overnight in the area are more likely to visit than those people who are visiting less proximate areas of the metropolitan area. The attendance potential estimates have been informed by the comparable facilities profiled in this report, as well as the various educational attractions in the Phoenix metro area. Further, the experiences of facilities of this type nationally have been considered in preparing the attendance potential estimates. The results of the focus group and on-line visitor survey are very positive and are factored into this analysis.

Data in **Table VIII-1** provide a summary of the derivation of the attendance potential estimate for the DDC, based on the data and analyses contained in this report, and the proposed program.

**Table VIII-1  
Preliminary Attendance Potential  
Desert Discovery Center**

|                                                                                                   | Market Penetration Rates                    |              |              | Visitation Range     |                      |                       | Percent to Total |
|---------------------------------------------------------------------------------------------------|---------------------------------------------|--------------|--------------|----------------------|----------------------|-----------------------|------------------|
|                                                                                                   | Estimated 2014 Market Population            | Low          | High         | Low Range Attendance | Mid Range Attendance | High Range Attendance |                  |
| <b>Resident Market</b>                                                                            |                                             |              |              |                      |                      |                       |                  |
| Primary Market Area                                                                               | 260,200                                     | 8.00%        | 12.00%       | 20,816               | 26,020               | 31,224                | 7.8%             |
| Secondary Market Area                                                                             | 2,165,200                                   | 3.00%        | 5.00%        | 64,956               | 86,608               | 108,260               | 26.0%            |
| Tertiary Market Area                                                                              | 2,574,700                                   | 2.00%        | 3.00%        | 51,494               | 64,368               | 77,241                | 19.3%            |
| <b>Total Resident Market</b>                                                                      | <b>5,000,100</b>                            | <b>2.75%</b> | <b>4.33%</b> | <b>137,266</b>       | <b>176,996</b>       | <b>216,725</b>        | <b>53.1%</b>     |
| <b>Visitor (Tourist) Market</b>                                                                   |                                             |              |              |                      |                      |                       |                  |
|                                                                                                   | Estimated 2008 Tourist Market <sup>1/</sup> | Low          | High         | Low Range Attendance | Mid Range Attendance | High Range Attendance |                  |
| <i>Scottsdale Overnight Visitors</i>                                                              |                                             |              |              |                      |                      |                       |                  |
| Domestic & International Overnight Hotel Visitors                                                 | 1,183,000                                   | 2.50%        | 3.50%        | 29,575               | 35,490               | 41,405                | 10.6%            |
| Visiting Friends & Relatives (VFRs)                                                               | 237,000                                     | 2.00%        | 3.00%        | 4,740                | 5,925                | 7,110                 | 1.8%             |
| Overnight Visitors Staying in Seasonal Homes                                                      | 136,000                                     | 2.00%        | 3.00%        | 2,720                | 3,400                | 4,080                 | 1.0%             |
| <i>Scottsdale Day-Trip Visitors</i>                                                               |                                             |              |              |                      |                      |                       |                  |
| Domestic Overnight Day-Trippers to Scottsdale <sup>2/</sup>                                       | 6,895,000                                   | 1.00%        | 1.50%        | 68,950               | 86,188               | 103,425               | 25.9%            |
| <i>International Overnight Visitors to Metro Phoenix, Not Staying in Scottsdale <sup>3/</sup></i> |                                             |              |              |                      |                      |                       |                  |
|                                                                                                   | 2,031,000                                   | 1.00%        | 1.50%        | 20,310               | 25,388               | 30,465                | 7.6%             |
| <b>Total Visitor (Tourist) Market</b>                                                             | <b>10,482,000</b>                           | <b>1.20%</b> | <b>1.78%</b> | <b>126,295</b>       | <b>156,390</b>       | <b>186,485</b>        | <b>46.9%</b>     |
| <b>Total Stabilized Attendance Potential Range</b>                                                |                                             |              |              | <b>263,561</b>       | <b>333,386</b>       | <b>403,210</b>        | <b>100.0%</b>    |
| <b>Mid Range Attendance <sup>4/</sup></b>                                                         |                                             |              |              | <b>264,000</b>       | <b>333,000</b>       | <b>403,000</b>        |                  |

<sup>1/</sup> Based on latest data available. Projections for 2014 are not available.

<sup>2/</sup> The City of Scottsdale defines this segment as day visitors in its annual Scottsdale/Paradise Valley tourism study. Day visitors are domestic overnight tourists staying in accommodations outside of the Scottsdale/Paradise Valley.

<sup>3/</sup> International overnight visitors is derived from Mexican, Canadian and Overseas visitors to Arizona.

<sup>4/</sup> Rounded to nearest 1,000.

Source: ConsultEcon, Inc.

The estimated market capture rates for the DDC are estimated at 8.0 percent to 12.0 percent of residents in the Primary Market Area and 3.0 to 5.0 percent of residents in the Secondary Market Area. These capture rates indicate a steady pattern of use of the ticketed areas of the facility among those area residents interested in the topics being interpreted and strong school group use. In addition to the strong anticipated visitation pattern of residents of the Phoenix Metro Area; the DDC will be attractive to Scottsdale and area tourists, people visiting friends or relatives in the area, or convention and meeting attendees. In addition, there would be use of the facility by

people on longer day trips from beyond the metro area. These are estimated to be over 45 percent of all visitations based on the size of the available markets.

Stabilized attendance levels are typically achieved in the third or fourth year after opening. Attendance potential at the DDC in a stable year (Year 3) is estimated at 264,000 to 403,000, with a mid-range estimate of 333,000.

In addition to visitors to the interpretive areas, it is anticipated that there will be considerable regular use of the non-paid components of the DDC such as the proposed café, information desk, retail and veranda areas by local residents and Scottsdale tourists. This would generally be in conjunction with hiking and other use of the overall McDowell Sonoran Preserve. In calendar year 2009, the McDowell Sonoran Preserve trail system attracted over 129,000 visits. In May 2009, the Preserve opened the Gateway Trail, which is located in proximity to DDC. In its first year after opening, the Gateway Trail attracted over 84,500 visits. From May 2009 through April 2010, the Preserve had over 182,600 visits and these numbers are expected to continue to grow.

### **Attendance Factors**

The range in the estimates of attendance for the DDC is based on several factors:

- ◆ How well the architectural and landscape concepts proposed for the project are translated into the visitor experience. As the facility design is in a preliminary planning phase, there could be substantial variability in the actual facility developed.
- ◆ The facility size and the program of spaces.
- ◆ How well the concepts proposed for the project are translated into the visitor experience. As the exhibits are in preliminary planning phase, there could be substantial variability in the actual exhibitry developed.
- ◆ Quality, scale, relevance and frequency of rotating (or traveling) exhibits.
- ◆ The extent of visitor amenities that are offered such as food, retail, visitor information.
- ◆ The extent of facility rentals.
- ◆ The extent of on-site programming such as demonstrations, lectures, docent led hikes and so forth.
- ◆ Ticket pricing policies.
- ◆ The extent of special events that are sponsored on-site.
- ◆ Quality of operation and attention to visitors will affect attendance levels.
- ◆ Success of membership development efforts.

- ◆ The amount and quality of marketing employed (including pre-opening marketing).
- ◆ The changes in the economic environment in Scottsdale and the U.S. generally.
- ◆ The variation in market acceptance of the project that may occur.

**Five-Year Attendance Patterns**

During the first few years after opening, the project would be expected to achieve a higher attendance than in later “stable” years of operation based on local excitement about the facility. This early year surge is typical of new visitor destinations, especially among high profile attractions in large metro areas that generate a significant amount of pre-opening publicity through multiple media channels targeted to prime audiences. Interest in the facility would likely be highest in the Primary and Secondary Market Areas. This early year surge in attendance would be balanced by the need to grow awareness in the Tertiary Market Areas; to get the DDC included on more school field trip itineraries; and, to build awareness in the visitor (or tourist) markets. Based on these factors, a first year attendance pattern of 20 percent above stabilized attendance for the DDC is assumed with a 5 percent factor for Year 2. Stabilized attendance would then be expected to occur in Year 3. Data in **Table VIII-2** provide estimated five-year attendance potential for the DDC.

**Table VIII-2  
Early Year Attendance Factors and Attendance Growth Pattern  
Desert Discovery Center**

|                                     | <b>YEAR 1</b> | <b>YEAR 2</b> | <b>STABLE<br/>YEAR 3</b> | <b>YEAR 4</b> | <b>YEAR 5</b> |
|-------------------------------------|---------------|---------------|--------------------------|---------------|---------------|
| Percentage of Stabilized Attendance | 120%          | 105%          | <b>100%</b>              | 100%          | 100.5%        |
| Mid Range Visitation Potential      | 399,600       | 349,650       | <b>333,000</b>           | 333,000       | 334,665       |

NOTE: DDC is expected to open in 2014. Therefore, Year 1 represents 2014.

1/ Stabilized attendance expected to occur in Year Three. This analysis assumes that the full facility will be open for Year One of operations.

Source: ConsultEcon, Inc.

### Attendance Seasonality

An important factor in facility planning is seasonality of visitation. Data in **Table VIII-3** provide a summary of stabilized year attendance by month for the DDC. This estimated attendance pattern reflects the composition of the audience, school year attendance patterns, the experience of the current DDC, major events in Scottsdale, and the experience of other nature-based attractions.

**Table VIII-3  
Monthly Attendance Distribution  
Desert Discovery Center**

|              | <u>Low Attendance Scenario</u> |                  | <u>Mid-Range Attendance</u> |                  | <u>High Attendance Scenario</u> |                  |
|--------------|--------------------------------|------------------|-----------------------------|------------------|---------------------------------|------------------|
|              | Seasonality                    | Total Attendance | Seasonality                 | Total Attendance | Seasonality                     | Total Attendance |
| January      | 7%                             | 18,452           | 7%                          | 23,310           | 7%                              | 28,224           |
| February     | 9%                             | 23,724           | 9%                          | 29,970           | 9%                              | 36,288           |
| March        | 11%                            | 28,996           | 11%                         | 36,630           | 11%                             | 44,352           |
| April        | 13%                            | 34,268           | 13%                         | 43,290           | 13%                             | 52,416           |
| May          | 11%                            | 28,996           | 11%                         | 36,630           | 11%                             | 44,352           |
| June         | 7%                             | 18,452           | 7%                          | 23,310           | 7%                              | 28,224           |
| July         | 6%                             | 15,816           | 6%                          | 19,980           | 6%                              | 24,192           |
| August       | 6%                             | 15,816           | 6%                          | 19,980           | 6%                              | 24,192           |
| September    | 6%                             | 15,816           | 6%                          | 19,980           | 6%                              | 24,192           |
| October      | 8%                             | 21,088           | 8%                          | 26,640           | 8%                              | 32,256           |
| November     | 8%                             | 21,088           | 8%                          | 26,640           | 8%                              | 32,256           |
| December     | 8%                             | 21,088           | 8%                          | 26,640           | 8%                              | 32,256           |
| <b>Total</b> | <b>100%</b>                    | <b>263,600</b>   | <b>100%</b>                 | <b>333,000</b>   | <b>100%</b>                     | <b>403,200</b>   |

Source: ConsultEcon, Inc.

### High Day Attendance Analysis

The peak attendance analyses presented in **Table VIII-4** use the estimated stabilized attendance to prepare estimates of high day facility attendance days (facility visitors) during the peak season. This analysis uses the estimate of the attendance during a peak month (the peak month would be estimated to occur during April); a strong week during that period; and a high day in that week (18

percent of weekly attendance, probably a Saturday); to arrive at an appropriate “design day” attendance levels for the DDC given the overall assumptions and analyses of this report.

**Table VIII-4  
Peak On-Site Population  
Desert Discovery Center**

| Annual Visitation <sup>1/</sup>                            | Mid- Range Attendance     |                             |                                    |                             |                  |
|------------------------------------------------------------|---------------------------|-----------------------------|------------------------------------|-----------------------------|------------------|
|                                                            | Peak Periods              |                             | Average Periods During Peak Months |                             | Facility Rentals |
|                                                            | 333,000                   |                             |                                    |                             |                  |
| Peak Month Attendance                                      | 43,290                    |                             |                                    |                             |                  |
| Average Month Attendance                                   |                           |                             | 27,750                             |                             |                  |
| High Week at 28% of peak month                             | 12,121                    |                             | 7,770                              |                             |                  |
| High Day Attendance at 18% of high week                    | 2,182                     |                             | 1,399                              |                             |                  |
| <b>Length of Stay</b>                                      | <b>(2 hr. stay - 30%)</b> | <b>(2.5 hr. stay - 35%)</b> | <b>(2 hr. stay - 30%)</b>          | <b>(2.5 hr. stay - 35%)</b> |                  |
| Peak in-house Population                                   | 655                       | 764                         | 420                                | 490                         |                  |
| Rounded                                                    | 650                       | 760                         | 420                                | 490                         |                  |
| <b>High Day Parking Requirement <sup>2/</sup></b>          | 259                       | 303                         | 168                                | 196                         |                  |
| <b>Potential for Event Parking Demand <sup>3/ 4/</sup></b> |                           |                             |                                    |                             | 200              |

1/ Early year attendance may be fifteen percent higher or more. However, this analysis uses a more conservative assumption of 10% for financial modeling purposes.

2/ Based on 95 percent auto usage during peak daytime periods (bus usage is higher during the shoulder seasons from school groups and tour groups). 2.5 persons per vehicle. Plus 5% turnover requirement. Does not include employee, volunteer and other administrative visitor parking. This is for DDC only. The parking will need to be considered in the context of the Gateway trailhead use and parking needs.

3/ Estimated at one car per two attendees at events of 300 people per event, plus 50 cars for caterers and servers, security, DDC staff, volunteers etc.

4/ Most major facility rentals will be during evenings or at the end of the day, so they would seldom overlap with the peak in-house times of day which tend to be 10am to 2pm. Further, if there were a need for a mid-day facility rental, the parking might be accommodated through mitigation measures such as remote parking shuttles etc. For the vast majority of events parking demand accommodated by parking available because the demand from hikers and/or DDC attendees is lower at the time of the event.

Source: ConsultEcon, Inc.

### Attendance Potential Summary

Based on the market evidence presented in this report, the high-quality visitor experience proposed for the DDC, a preliminary range of attendance potential for the DDC has been established at 264,000 to 403,000, with a mid-range “best estimate” of 333,000. In addition to

visitors to the interpretive areas, it is anticipated that there will be considerable regular use of the non-paid components of the DDC such as the proposed café, information desk, retail and veranda areas by local residents and Scottsdale tourists. This would generally be in conjunction with hiking and other use of the overall McDowell Sonoran Preserve. Given current usage patterns of the McDowell Sonoran Preserve trail system, it is reasonable to expect additional informal users of the DDC site to non-paid visitor amenities such as the retail shop and café / restaurant. These are above and beyond the attendance to the DDC as summarized above.

Attendance is expected to be somewhat higher in early years of operation due to local excitement about the project; a twenty percent surge in attendance is estimated in year one. Attendance will be balanced during the year with spring especially strong with fall also a strong season. This attendance potential analysis reflects a competitive ticket pricing policy and aggressive marketing of the DDC. This preliminary attendance potential represents a range of market response, but it also reflects a high-quality program and interpretive focus.

## Section IX

### DESERT DISCOVERY CENTER OPERATING POTENTIAL

This section provides a preliminary analysis of operating parameters and financial potential of the proposed DDC. The assumptions made are based on the market potential identified for the project, the proposed facility size and program, and additional research on operating and development factors that would be associated with a conservation and education destination of the profile being considered. This analysis will require refinement as the project moves forward, and the project moves into later programming and design phases. This section also provides a preliminary review of pre-opening costs for the DDC prior to opening in 2014.

#### GOVERNANCE AND ORGANIZATION STRUCTURE

Successful operation and achieving the goals and mission of a complex facility and organization such as the DDC will require an appropriate governance structure and operational plan. Moving forward, establishing the governance structure and organization plan for the development and operation of the DDC is critical to project success. In addition, this governance planning must include project oversight and any advisory or support organizations that might be implemented or formally included. The governance and organization structure of DDC has not been established, and it will require additional future analysis and planning to inform the selection of a governance and operating structure appropriate for the project. Following is a review of governance issues and the assumptions used in this plan.

The initial capital funding mechanism for the DDC has not been finalized. It is anticipated that the source may be public bonds, gifts and grants or some combination of these sources. The source of funds will affect the organization and operating structure chosen. However, the land on which the DDC will be developed will be retained in City ownership, and it is likely that the City would also have title to the buildings and other improvements to the site. This analysis assumes City of Scottsdale ownership of the site buildings and improvements.

This plan assumes that the City retains legal title to the land and buildings. Due to the need to ensure the appropriate operation of DDC within the McDowell Sonoran Preserve, it is also assumed that the City maintains at a minimum, oversight of DDC operations and recourse to correct

violations of key conservation, ecological and operational issues. Three illustrative organization and operations structures for the Desert Discovery Center (DDC) are outlined below. These represent a spectrum, ranging from full-City operation to full private not-for-profit operation. There could of course be variations to these governance and organization structures.

1. City Operation - All aspects of DDC operations are provided by the City including facility, exhibits, programming and events. An advisory board and/or a private “friends of the DDC” type support group might be established. There may be formal ties to existing conservation and community organizations as well, and/or other partnerships.
2. Programming partner - The City operates and maintains the DDC facility and grounds and is responsible for capital repairs, and grounds maintenance, etc. A contracted private not-for-profit organization provides education programs, experiences, exhibits, interpretation, marketing and public interface. The programming partner might be responsible for reinvestment in exhibits and public areas. There may be formal ties to existing conservation organizations as well.
3. Independent operator - The City enters into a long term lease with a private not-for-profit operator for the facility. The private partner would be responsible for upkeep, maintenance and reinvestment of the DDC property and all ongoing operations. There would likely be performance criteria and facility use regulations applied to the independent operator. There may be formal ties to existing conservation organizations as well.

The revenue and operations plan as described herein could occur within a range of organization and operating structures. Typically however, for facilities of this type, a public-private partnership yields superior results, and in all three of the above governance and organization structures, a form of public-private partnership is assumed. It is not the purpose of this report to resolve the governance and organization format issues for the DDC; as there is not sufficient information and public engagement to make this decision at this time. Additional information, engagement and decision-making that will likely be part of the process would include but not be limited to:

- ◆ Responsibility for funding initial project capital costs and for securing ongoing external revenue streams to support operations will be an important factor in selecting a governance and operating model. The entities and organizations that have these responsibilities to the DDC, in turn, will desire appropriate DDC governance and organization structures. For instance, many not-for-profit educational and conservation and education destinations that are operated by a government entity do not directly solicit contributions for capital investments and operations; rather, a not-for-profit partner is often responsible for such fundraising activity. In turn, the not-for-profit partner typically assumes a responsibility to their contributors to manage or implement the use of the contributed funds.
- ◆ The DDC will be a major investment of the City of Scottsdale’s resources and will be a primary public face of the McDowell Sonoran Preserve. The Preserve is, in turn, one of Scottsdale’s major investments and responsibilities. The operating entity will be responsible

for operating successfully from a market and financial perspective; but also in a manner that supports the conservation, preservation and economic development goals attendant to both the DDC and the McDowell Sonoran Preserve as a whole.

- ◆ The mission, legal authority, and internal organizational capacity of various potential participants will affect the opportunities for various governance and operating plans.
- ◆ Legal issues pertaining to allowable contractual and ownership relationships under applicable law.
- ◆ The DDC will be adjacent to the Gateway trailhead, and will share access and parking with the trailhead that is operated by the City of Scottsdale. An effective and seamless joint operation of the overall site is needed so that public access to the Preserve and the Gateway trailhead is maintained at the highest levels and the success of DDC operations are enhanced. The legal and operational relationship of the DDC to the existing Gateway facility and to the overall McDowell Sonoran Preserve will be an essential aspect of project planning. Clearly addressing these factors in the process of establishing DDC governance and organization will be important to project success.
- ◆ The effectiveness of a conservation and education organization in sustaining its attendance, earning revenues, providing superior educational experiences, disseminating conservation messages and generating economic benefits is affected substantially by its governance and operating structure. Positive operating outcomes of these types are enhanced by an organization that has the capacity to operate as an ongoing business in a competitive environment with flexibility, speed of adjustment and opportunistic approaches to a constantly evolving marketplace and economic environment.

The most efficient provider of the range of operating inputs and capital reinvestments that occur annually and over time is clearly desirable. For instance, the City may be very effective in performing certain maintenance and landscape functions; while a private organization may be more efficient in delivering educational experiences and programs. Operating flexibility should also be considered. Educational and nature based organizations compete in the general marketplace for visitors and their spending in a constantly evolving and dynamic environment. Therefore, to maximize effectiveness, operating flexibility and autonomy is important. This extends from hiring and pay scales, to reallocation of resources, entering partnerships and launching special projects.

- ◆ The governance and operating plan will have to address issues relating to insurance and assumption of liability, as well as issues relating to financial responsibility in the event of unforeseen or emergency conditions.
- ◆ Establishing a governance and operating plan that meets the needs and stated desires from the community's perspective will be important in building needed support in the planning, funding and development process.
- ◆ In addition to the above, there may be other factors that influence the process of creating the governance and organization plan.

The choice of operating entity will be influenced by the outcomes targeted for DDC, ongoing responsibility to sustain the organization and enhance its benefits and other relevant factors as

outlined above. As overall project planning proceeds and the funding plan is developed, additional research should be conducted and internal discussion undertaken among City government and stakeholders to establish the process for determining governance and then, establishing the optimum governing and operating entity or entities for the initial development phase, then the ongoing DDC operations.

### **Operating Assumptions**

As a major conservation and education organization, the DDC would operate under the norms of such facilities nationally, adjusted for local conditions. The operating assumptions include:

- ◆ The DDC is assumed to be operated by a governmental entity, by a private, not-for-profit, 501 (c) (3) enterprise or a hybrid of these. As such, this analysis does not include any property or corporate taxes, nor does it include depreciation, bond or mortgage payments, or management fees. It focuses on estimating Non-Operational Revenues.
- ◆ The DDC will be well designed and constructed. It will be of a scale in size and in quality to be recognized nationally as a facility of excellence. This operations analysis assumes a facility with approximately 73,000 gross square feet (GSF) plus outdoor exhibit and public areas. It is assumed to open in 2014.
- ◆ Attendance potential at the DDC was evaluated in prior sections of this report, with attendance a function of the available markets and the size and scope of the project, its location, its marketing profile, and ticket prices. The mid-range attendance potential level from the market analysis of 333,000 is used in this operations analysis. Based on the experience of other facilities, a surge in attendance during the first few years of operation is assumed before reaching stable attendance.
- ◆ The DDC will be open year-round, seven days a week. In addition, special events and facility rentals could occur at the facility when they do not disrupt regular visitation.
- ◆ The DDC will be well managed and will have the appropriate staff and board infrastructure to support a project of this nature. The structure, its exhibits, finishes, mechanical equipment and support systems will be well maintained to minimize insurance risks and unexpected repair and maintenance expenditures. Maintaining the exhibits in excellent condition is key to customer satisfaction. The DDC will build a compelling organizational vision, with strong and distinguished advisors and staff, and the project will have a strong base of community support. The facility and site will be used for special events and cultural activities after hours to promote community support and generate additional income. Educational groups will be invited to visit at discounted prices, and will receive a worthwhile and enjoyable educational experience. Community outreach will be a cornerstone of the programming effort.
- ◆ The DDC will develop an aggressive marketing program to achieve and maintain attendance and continually attract new visitors. Ticket pricing will be attractive and commensurate with overall visitor experience and value delivered. The project will also be managed to provide dynamic and effective educational programs and dramatic and continually evolving

new exhibits. The changing exhibit gallery is essential to attracting new visitors and repeat visitation.

- ◆ There is a \$6.3 million cash operating reserve planned as part of the project's initial capital cost that would be available for any contingencies, as well as to provide funding should fundamental shifts in the organization's structure be necessary to reach a new equilibrium between revenue sources and operating costs. The amount of the cash operating reserve is equal to a full year's operating budget not including retail cost of goods sold and contributions to capital reserve accounts.

## REVENUE POTENTIAL

The DDC as does virtually all cultural, conservation and education destinations, will generate revenues from a wide variety of sources including Operational Revenues from tickets, retail, food service, facility rentals and so forth; from memberships; and from an array of Non-Operational Revenue sources such as endowments, grants, gifts, contributions, fund-raising events, bequests and so forth. These many revenue sources are needed to meet the institutions operating costs and to contribute to future facility re-investment and capital maintenance. The revenue plan as described is achievable if the full DDC facility and interpretive plan is implemented; a successful governance structure and organization is established; and, the quality of operations are at the described level. Data in **Appendix D** provides a summary of national experience in museum funding sources. The national museum survey data used in the summary indicates that the majority of comparable museums have a revenue mix in which Operational Revenues (tickets, retail, memberships, food etc.) are less than half of all revenues, with the remainder from Non-Operational sources (endowments, gifts, grants, fundraisers etc.). Thus, to realize its market and operating potential, to maximize the benefit of the initial capital investment and to provide the community with maximum benefits, the business plan for the DDC reflects museum industry best practices by including revenue sources from its Operational Revenues and from non-operational sources. In the operating plan presented later, there are personnel and expense budgets amounts dedicated to and adequate for the activities necessary to generate. Further, and as discussed above the appropriate governance and operating structure is needed to optimize the fundraising aspects of the plan. It should be noted that fundraising is a primary responsibility of leadership boards that may be created for DDC. Following are discussions regarding revenue opportunities for the DDC.

## Operational Revenues

Operational Revenues of the DDC will be derived mainly from ticket sales and memberships, with additional revenue derived from sources such as retail sales, café and vending, memberships, and use of the facility for receptions and banquets. Following is analysis and discussion of the Operational Revenue potential of DDC.

### Ticket and Membership Revenues

Average per capita admissions revenue is a product of ticket prices and the mix of ticket types sold (adults, children, etc.). Data in **Table IX-1** provide DDC ticketing and membership assumptions. A benchmark DDC adult ticket price of \$15.00 is assumed in this scenario. The ticket prices used are in current 2010 dollars. When developed, price inflation would be built into the actual future ticket price. As the project moves forward and the DDC plan is refined, the ticketing assumptions and pricing will need to be revisited along with assumptions regarding the use of “coupons” and discount admissions. These ticket prices are in line with the assumed product offerings, the experience of comparable facilities nationally, and with local area educational attractions.

Memberships can be an important revenue source. Due to the scale of the Resident Market and the price of a family membership versus the price of general admissions, membership to the DDC has the potential to be substantial. Free admission with the purchase of a membership is an important economic incentive for becoming a member. The Dual Membership category (two persons) has been added as a membership category to reflect the area’s demographic profile, and industry best practices. This analysis assumes approximately 5,830 DDC memberships in a stabilized year. Based on assumed ticket prices and the estimated number of memberships, an average membership fee of \$100.00 per membership is estimated in current dollars. This includes family and individual memberships as well as higher-level “supportive” memberships.

Data in **Table IX-2** present the assumed distribution of tickets and ticket sales by type over a five year period. Year 3 is considered the “stable” year of operations. Members are assumed to enter free of charge. There is also provision made for a limited number of complimentary and VIP tickets, facility rental attendees and children under the age of 3. These are all included in the Free/Complimentary category.

**Table IX-1  
Admissions Analysis  
Desert Discovery Center**

| <b>Per Capita Ticket Revenue</b>         |                              |                           |                     |                                          |                                                  |
|------------------------------------------|------------------------------|---------------------------|---------------------|------------------------------------------|--------------------------------------------------|
|                                          | <b>% to Total Attendance</b> | <b>Attendance By Type</b> | <b>Ticket Price</b> | <b>Contribution to Ticket Per Capita</b> | <b>Percent Contribution to Ticket Per Capita</b> |
| Adult                                    | 37.55%                       | 125,042                   | \$15.00             | \$5.63                                   | 62.7%                                            |
| Senior                                   | 17.00%                       | 56,610                    | \$12.25             | \$2.08                                   | 23.2%                                            |
| Youth (3-12)                             | 16.00%                       | 53,280                    | \$9.00              | \$1.44                                   | 16.0%                                            |
| Student Group                            | 5.00%                        | 16,650                    | \$6.00              | \$0.30                                   | 3.3%                                             |
| Members                                  | 14.00%                       | 46,620                    | \$0.00              | \$0.00                                   | 0.0%                                             |
| Facility Rentals                         | 6.15%                        | 20,480                    | \$0.00              | \$0.00                                   | 0.0%                                             |
| Free/Complimentary <sup>1/</sup>         | 4.30%                        | 14,319                    | \$0.00              | \$0.00                                   | 0.0%                                             |
| <i>Less Discounts &amp; Coupons @ 5%</i> |                              |                           |                     | <i>(\$0.47)</i>                          | <i>-5.3%</i>                                     |
| <b>Total</b>                             | 100.00%                      | 333,000                   |                     | \$8.98                                   | 100.0%                                           |

| <b>Memberships Estimates</b>              |           |                         |                         |                                        |                           |
|-------------------------------------------|-----------|-------------------------|-------------------------|----------------------------------------|---------------------------|
|                                           |           | <b>Membership Types</b> | <b>Percent to Total</b> | <b>Estimated Number of Memberships</b> | <b>Avg. Price By Type</b> |
| No. of Member Attendances                 | 46,620    | Individual              | 20.5%                   | 1,195                                  | \$40                      |
| Average Annual Attendances Per Membership | 8         | Dual                    | 35.0%                   | 2,041                                  | \$70                      |
| Est. Total Memberships                    | 5,830     | Family                  | 40.0%                   | 2,332                                  | \$125                     |
| Average Membership Fee                    | \$100.00  | Donor                   | 3.0%                    | 175                                    | \$250                     |
|                                           |           | Sponsor                 | 1.0%                    | 58                                     | \$500                     |
| Membership Revenue                        | \$583,000 | Patron                  | 0.5%                    | 29                                     | \$1,000                   |
|                                           |           |                         | 100.0%                  | <b>5,830</b>                           | \$100.16                  |
|                                           |           |                         |                         | <b>Rounded:</b>                        | <b>\$100.00</b>           |

<sup>1/</sup> Includes children aged 2 and under, complimentary tickets, VIPs, special events & programs etc.  
Source: ConsultEcon, Inc.

**Table IX-2  
Attendance Distribution and Ticket Price Assumptions<sup>12</sup>  
Desert Discovery Center**

| % to Total Attendance                                  | STABLE         |                |                |                |                |
|--------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                        | Year 1         | Year 2         | YEAR 3         | Year 4         | Year 5         |
| Adult                                                  | 39.7%          | 38.4%          | 37.6%          | 37.6%          | 37.6%          |
| Senior                                                 | 19.0%          | 18.0%          | 17.0%          | 17.0%          | 17.0%          |
| Youth (3-12)                                           | 18.6%          | 17.0%          | 16.0%          | 16.0%          | 16.0%          |
| Student Group                                          | 3.5%           | 4.5%           | 5.0%           | 5.0%           | 5.0%           |
| Members                                                | 10.0%          | 12.0%          | 14.0%          | 14.0%          | 14.0%          |
| Facility Rentals                                       | 5.2%           | 5.9%           | 6.2%           | 6.2%           | 6.2%           |
| Free/Complimentary <sup>1/</sup>                       | 4.0%           | 4.2%           | 4.3%           | 4.3%           | 4.3%           |
| <b>Total</b>                                           | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |
| <b>Attendance By Type</b>                              |                |                |                |                |                |
| Adult                                                  | 158,641        | 134,266        | 125,042        | 125,042        | 125,667        |
| Senior                                                 | 75,924         | 62,937         | 56,610         | 56,610         | 56,893         |
| Youth (3-12)                                           | 74,326         | 59,441         | 53,280         | 53,280         | 53,546         |
| Student Group                                          | 13,986         | 15,734         | 16,650         | 16,650         | 16,733         |
| Members                                                | 39,960         | 41,958         | 46,620         | 46,620         | 46,853         |
| Facility Rentals                                       | 20,779         | 20,629         | 20,480         | 20,480         | 20,582         |
| Free/Complimentary <sup>1/</sup>                       | 15,984         | 14,685         | 14,319         | 14,319         | 14,391         |
| <b>Total</b>                                           | <b>399,600</b> | <b>349,650</b> | <b>333,000</b> | <b>333,000</b> | <b>334,665</b> |
| <b>Percentage of Adult Ticket Price</b>                |                |                |                |                |                |
| Adult                                                  | 100%           | 100%           | 100%           | 100%           | 100%           |
| Senior                                                 | 82%            | 82%            | 82%            | 82%            | 82%            |
| Youth (3-12)                                           | 60%            | 60%            | 60%            | 60%            | 60%            |
| Student Group                                          | 40%            | 40%            | 40%            | 40%            | 40%            |
| Members                                                | 0%             | 0%             | 0%             | 0%             | 0%             |
| Facility Rentals                                       | 0%             | 0%             | 0%             | 0%             | 0%             |
| Free/Complimentary <sup>1/</sup>                       | 0%             | 0%             | 0%             | 0%             | 0%             |
| <b>Achieved Per Capita Ticket Revenue<sup>2/</sup></b> |                |                |                |                |                |
| Adult                                                  | \$15.92        | \$15.92        | \$16.70        | \$16.70        | \$17.50        |
| Senior                                                 | \$13.00        | \$13.00        | \$13.60        | \$13.60        | \$14.30        |
| Youth (3-12)                                           | \$9.55         | \$9.55         | \$10.00        | \$10.00        | \$10.50        |
| Student Group                                          | \$6.37         | \$6.37         | \$6.70         | \$6.70         | \$7.00         |
| Members                                                | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$0.00         |
| Facility Rentals                                       | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$0.00         |
| Free/Complimentary <sup>1/</sup>                       | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$0.00         |
| <i>Less Coupons &amp; Discounts</i>                    | (\$0.49)       | (\$0.48)       | (\$0.49)       | (\$0.49)       | (\$0.52)       |
| <b>Per Capita Average Revenue</b>                      | <b>\$10.30</b> | <b>\$9.89</b>  | <b>\$10.02</b> | <b>\$10.02</b> | <b>\$10.51</b> |

<sup>1/</sup> Includes children aged 2 and under, complimentary tickets, VIPs, special events & programs etc.

<sup>2/</sup> Year 1 ticket prices reflect compounded inflation rate of 2% per year from 2010 to 2014 dollar value. Actual pricing in 2014 dollars will depend on actual inflation and other factors and would be rounded accordingly.

Source: ConsultEcon, Inc.

<sup>12</sup> Per capita average ticket revenue reflects mix of ticket prices based on the baseline ticket price assumptions and assumed inflation for the year under consideration as well as variations in the mix of ticket types sold.

### **Operating and Revenue Assumptions**

As a cultural and educational not-for-profit destination organization, the DDC would operate under the norms of such institutions nationally, adjusted for local conditions. Data in **Table IX-3** summarize key operating assumptions for the DDC under the planned operating scenario.

Per capita retail sales are assumed at \$3.50 per attendee. Outside sales by non-DDC visitors are assumed add an additional 15 percent in sales above the sales to DDC attendees. Cost of Goods sold (COGS) are assumed at an industry standard 50 percent of gift shop sales. These are relatively strong retail sales factors reflecting the strong tourism component of the audience and the good merchandising opportunities for the DDC. Per capita sales are assumed at \$1.00 (in a stabilized year, in current dollars) for vending and light snacks.

Café/ restaurant sales are assumed to be operated by outside vendors. This analysis assumes a \$35.00 (in 2014 dollars) base lease rate, assuming three year term increased at inflation for second term, and an additional owner participation of 2 percent of gross sales. Gross Café/ restaurant sales would include spending by DDC attendees as well as spending by people using the Gateway area and also people who make the Café/ restaurant a destination given the plan to provide diners with outstanding views in a very nice Café/ restaurant setting.

Interviews with Scottsdale hospitality leadership indicate that the DDC would create a new and popular venue for business and social facility rentals. At many similar facilities nationally, facility rentals have generated considerable attendance and revenues. Miscellaneous, “other” earned revenues are assumed at 1 percent of Operational Revenues. These might include research fees, advertising within the facility, sale of publications, guided hikes, travel programs etc.

**Table IX-3**  
**Operating and Revenue Assumptions, In Current Dollars Unless Noted**  
**Desert Discovery Center**

| <i>General</i>                                             |             | <i>Comments</i>    |
|------------------------------------------------------------|-------------|--------------------|
| Year Assumed to Open to Public                             | 2014        |                    |
| Indoor Gross Exhibit Square Footage                        | 34,200      | (28,500 NSF)       |
| Total Indoor Gross Square Footage                          | 72,972      |                    |
| Total Exterior Square Footage                              | 70,700      |                    |
| Mid-Range Attendance                                       | 333,000     |                    |
| Annual Inflation Rate                                      | 2.0%        |                    |
| Personnel & Benefits Annual Inflation Rate                 | 2.5%        |                    |
| Annual Attendance Growth after Year 4                      | 0.5%        |                    |
| <b>Admission Fees and Revenue</b>                          |             |                    |
| Adult Ticket Price                                         | \$15.00     |                    |
| Per Capita Ticket Revenue                                  | \$8.98      |                    |
| Coupons & Discounts as a % of Per Capita Ticket Rev.       | 5.0%        |                    |
| Ticket Price Increase % every other year                   | 5.0%        |                    |
| <b>Retail</b>                                              |             |                    |
| Retail Area Gross Square Footage                           | 2,400       | (2,000 NSF)        |
| Per Capita Retail Sales                                    | \$3.50      |                    |
| Outside Retail Sales as Percent of Per Capita Retail Sales | 15%         |                    |
| Cost of Goods Sold as a % of Retail Sales                  | 50%         |                    |
| <b>Food Service</b>                                        |             |                    |
| Vending and Retail Shop Per Capita Food / Beverage Sales   | \$1.00      | <sup>1/</sup>      |
| DDC Net Proceeds from Vending & Store Food Sales           | 25.0%       |                    |
| Café/Restaurant Indoor Gross Square Footage                | 3,120       | Assumes 80 seats.  |
| Desert Dining Garden Outdoor Square Footage                | 3,000       |                    |
| Restaurant Base Lease Rate Per SF in 2014 Dollars          | \$35.00     | <sup>2/</sup>      |
| DDC Net Proceeds of Restaurant Gross Sales                 | 2.0%        | <sup>3/</sup>      |
| <b>Family &amp; Individual Memberships</b>                 |             |                    |
| Number of Family, Individual & Supportive Memberships      | 5,830       | Stable Year        |
| Average Membership Fee                                     | \$100.00    |                    |
| Annual Attendances Per Membership                          | 8           |                    |
| <b>Facility Rentals and Receptions</b>                     |             |                    |
| Major Rentals Per Year                                     | 50          |                    |
| Target Attendance in Stable Year                           | 15,000      | Avg. 300 per event |
| Average Net Revenue per Rental                             | \$6,000     |                    |
| Medium Rentals Per Year                                    | 30          |                    |
| Target Attendance in Stable Year                           | 3,000       | Avg. 100 per event |
| Average Net Revenue per Rental                             | \$2,000     |                    |
| Minor Rentals Per Year (primarily Birthday Parties)        | 100         |                    |
| Target Attendance in Stable Year                           | 2,500       | Avg. 25 per event  |
| Average Net Revenue per Rental                             | \$300       |                    |
| <b>Other Revenue</b> As a % of Earned Revenue              | 1%          | <sup>4/</sup>      |
| <b>Operating Reserves</b>                                  |             |                    |
| Operating Reserve Assumption in 2014                       | \$6,300,000 | <sup>5/</sup>      |
| Annual Growth Rate above Inflation Rate                    | 3%          |                    |
| Annual Interest                                            | 3%          |                    |

NOTE: Assumes DDC Program of Areas dated June 16, 2010 by Swaback Partners.

1/ Limited vending and beverage / snacks available in gift shop. Other food provided by café.

2/ In 2014 dollars. Three-year term increased at inflation for 2nd term.

3/ Restaurant assumed to hold a liquor license. Restaurant gross sales estimated based on \$8 per capita for DDC visitors, plus \$10 average spend from an assumed 18,000 (50 per day) annual outside patrons who are drawn from from-trail users and from drive-up customers.

4/ Other revenues include revenue from programs, special events, stroller rentals, lockers and other sources.

5/ In 2014 dollars.

Source: ConsultEcon, Inc. and Swaback Partners

### Non-Operational Revenues

An important revenue source for facilities such as the DDC are Non-Operational Revenues derived from sources such as endowment, contributions, fundraising events, grants, supportive level memberships as well as miscellaneous revenues. Under this plan, DDC would be active in generating substantial Non-Operational Revenues. Nationwide, virtually all not-for-profit museums, nature-based attractions and science centers receive a substantial share of their total revenues from such sources. The amounts of Non-Operational Revenues that such facilities receive can vary widely based on their particular circumstances, and the aggressiveness of their organizations. **Appendix D** provides a summary of the national experience regarding major categories of revenues for museums and science centers.

This analysis assumes that the internal capacity to fundraise for the DDC will be appropriate to the scale of the organization, and that the organization will generate “contributed,” endowment and other revenues as an ongoing and essential component of its operation. The facility is expected to engage in ongoing fundraising, to secure operating grants and to establish financial reserves and endowment. This is typical in the Phoenix Metro area and elsewhere, and it is reasonable to assume that the DDC would be well-positioned to attract such revenues. Further, developing a unique, cause related institutional position statement, vision and mission will enhance the institution’s ability to attract operating funds.

An estimated \$1.7 million in annual, current dollar Non-Operational Revenues is targeted for a stable year.<sup>13</sup> It is anticipated that the DDC would seek larger amounts to fund additional programs and activities, enhance its market position, build its endowment and capital reserves, and to fund capital improvements. For large nature based educational facilities such as DDC, Operational Revenues (such as ticket sales, retail, memberships etc.) can range from 25 to 80 percent of Total Revenues, with the remaining 20 to 75 percent derived from Non-Operational Revenues (such as Contributed, Endowment and Other Revenue sources). In the case of the DDC, Operational Revenues have been estimated to be about 75 percent of total revenues, with the remaining 25 percent from non-visitor related revenue sources. This is a favorable ratio of Operational and Non-Operational Revenues sources. Achieving such performance will require

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<sup>13</sup> See Table IX-4 below

that along with capital fund-raising for the project, project sponsors will have to secure sources of on-going operating support. Following is additional discussion of Non-Operational Revenues. Non-Operational Revenues sources can be derived from an array of sources and each institution develops its revenue source mix based on its institutional characteristics and local circumstances and opportunities. This analysis has assumed No formal endowment other than the Operating Reserve Fund for the facility that can serve as the initial contribution to endowment. Endowment is a desirable approach to securing Non-Operational Revenues revenues.

A targeted campaign to create an endowment for the DDC should begin in the project's early planning stages. Support from an endowment can substantially assist successful operations. Endowment contributions can be either general in nature, or specifically allocated to an exhibit, task or position. For instance, the amount to endow a particular exhibit would be formulaically derived, and would carry with it formal signed recognition in the facility, as well as recognition in Museum publications and visitor guides. Other endowment could be raised on a more traditional philanthropic basis.

This analysis also assumes an array of on-going government or non-governmental grants and gifts, contributions, contributions in-kind, fundraisers and so forth. The actual sources and percentage to total amount of the Non-Operational Revenues will depend on the circumstances of the organization and the opportunities that exist in the marketplace. With the efforts of a well-established board of trustees, as well as with an active development and fundraising program, the goals established should be attainable.

Subsequent to this planning phase, it is recommended to undertake a fund-raising feasibility study and plan to evaluate the potential sources and amounts potentially available for Non-operational revenues, as well as the potential for an initial capital campaign. The results of that study will provide important input to the refinement of all aspects of the DDC plan including this business plan.

### **Operating Reserves and Endowment**

DDC is planned to open with operating reserves of \$6.3 million in future dollars that is part of the initial capital campaign. This operating reserve fund is the equivalent of one year's operating expenses, less the cost of retail goods sold and funding of the capital reserve. The operating

reserves are assumed to grow at a rate of 3 percent annually in addition to the rate of inflation. This analysis assumes an annual interest revenue of 3 percent from the operating reserves to support DDC operations. In a stable year current dollar value, this equates to \$178,000. These become a component of the Non-Operational Revenues as discussed above. Over time, an important goal of DDC will be to increase the dollar value of its Operating Reserves and its endowment. As noted, it is recommended that future refinement of the DDC plan include additional endowment if possible.

### **Contributed and Other Revenues**

Following is further discussion of various Contributed and Other Revenue sources.

- ◆ **Corporate Sponsorships** - Corporations are increasingly viewing sponsorship of first rate cultural and educational institutions as a way to meet their charitable obligations, while gaining positive publicity and public recognition. The tying of specific exhibits or programs to their sponsors allows the sponsor to have on-site recognition or recognition in travelling exhibits and at events. An annual targeted development campaign by the DDC might focus on regional and State corporations to gain sponsorships and partnerships. This approach has yielded significant results for many museums and educational organizations.
- ◆ **Government Grants** - There are a wide variety of grants available from government bodies and from foundations. Many museums receive substantial portions of their annual budgets from such sources<sup>14</sup>. These will be especially useful in funding special educational programs, exhibit reinvestment and for other focused activities. School systems sometimes grant educational organizations of this type to pay for curriculums and attendance at the facility for their students. Many not-for-profit organizations percentages of available targeted tax revenues such as bed or meal taxes are dedicated to economic development. They receive such funds based on their proven capacity to attract new visitors to the community, and thus generate economic activity and tax revenues.
- ◆ **Foundation Grants** - Foundation grants for specific activities are a major source of funds for institutions such as the DDC. These grants may be for particular travelling exhibits or programs; to support educational or conservation activities or for reinvestment in the facility. These are often competitive grants, which require development resources for ongoing grant writing and management.
- ◆ **Private Philanthropy** - Many institutions derive funds from annual philanthropic giving and individual gifts.
- ◆ **Annual Gifts** - A targeted development campaign should focus on regional individuals and corporations, and people involved in the philanthropic world. This effort may take the form

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<sup>14</sup> Many granting organizations require that an institution be in existence and/or open to the public for a specified period before being eligible to apply. Grant funds may require 18 months to 2 years to enter the income stream. Other revenue sources should be in place to cover this source at facility opening.

of higher-level sustaining memberships, (above and beyond the family-type memberships that are largely attendance driven).

- ◆ **Small Gifts** - can be solicited where a specific use is identified, such as the preservation of a particular site, object or living specimen, or to support an activity such as an educational class or program.
- ◆ **Fund Raising Events** - Annual balls, picnics, holiday parties and so forth are common fundraisers. Sometimes performers headline fundraising concerts at reduced rates or for free. Athletic events such as running or bicycling competitions can be sponsored.
- ◆ **Leadership Giving** - In many institutions the Board of Directors make meaningful contributions annually as part of their leadership role.
- ◆ **Gifts In-Kind** - Some of the inputs to the operation of the DDC lend themselves to support through gifts in-kind. For instance, utilities might make up 3 percent or more of operating costs. Full or partial donation of these could represent a major revenue source. Implementation of a conservation exhibit or a utility conservation demonstration project within the DDC campus might be the basis for such a gift- in-kind. Other basic supplies and inputs such as accounting services, maintenance supplies, website, advertising, insurance, travel services and so forth might also be purchased under special arrangements such as reduced profit margins or even as pure donations.
- ◆ **Educational Sponsorships** - Colleges in the Phoenix metro area can be sources for interns, docents and interpreters. In turn, the DDC can provide substantial educational opportunities for students, and can be a resource to the entire educational and conservation community.
- ◆ **Other** - Many institutions have revenue sources particular to their programs, organization or communities. Examples include interest on operating accounts copyright payments, funding for-on-site research and so forth.

### **DDC Revenue Potential**

The DDC has substantial Operational Revenues potential from admissions, memberships, gift shop, vending, café, facility rentals and miscellaneous sources. Data in **Table IX-4** summarize Operational Revenue potential for the DDC. Under the assumptions of this analysis, the DDC has \$5.6 million in Operational Revenue potential in a stabilized year, in 2010 dollars.

**Table IX-4  
Revenue Potential  
Desert Discovery Center**

| Year                                         | 2014               | 2015               | 2016               | 2017               | 2018               | Stable Yr Att.<br>(in current<br>dollars) | Percent<br>to Total |
|----------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------------------------------|---------------------|
|                                              | YEAR 1             | YEAR 2             | STABLE<br>YEAR 3   | YEAR 4             | YEAR 5             |                                           |                     |
| <b>TOTAL ATTENDANCE</b>                      | 399,600            | 349,650            | 333,000            | 333,000            | 334,665            | 333,000                                   |                     |
| Per Capita Ticket Revenue                    | \$10.30            | \$9.89             | \$10.02            | \$10.02            | \$10.51            | \$8.98                                    |                     |
| <b>REVENUE</b>                               |                    |                    |                    |                    |                    |                                           |                     |
| <b>Operational Revenue</b>                   |                    |                    |                    |                    |                    |                                           |                     |
| Ticket Revenue                               | \$4,117,218        | \$3,456,947        | \$3,337,861        | \$3,337,861        | \$3,518,680        | \$2,991,089                               | 40.5%               |
| Membership Revenue                           | 530,000            | 555,440            | 647,130            | 647,130            | 685,620            | \$583,000                                 | 7.9%                |
| Gross Retail                                 | 1,706,836          | 1,523,351          | 1,479,827          | 1,509,424          | 1,547,310          | 1,340,325                                 | 18.1%               |
| Food Service Net                             | 106,015            | 94,618             | 91,915             | 93,753             | 96,106             | 83,250                                    | 1.1%                |
| Café/Restaurant Lease Revenue                | 197,832            | 184,894            | 182,732            | 190,442            | 192,325            | 169,502                                   | 2.3%                |
| Facility Rental                              | 356,566            | 357,203            | 364,347            | 371,634            | 379,066            | 330,000                                   | 4.5%                |
| Other Revenue                                | 70,145             | 61,725             | 61,038             | 61,502             | 64,191             | 54,972                                    | 0.7%                |
| <b>Total Operational Revenue</b>             | <b>\$7,084,612</b> | <b>\$6,234,178</b> | <b>\$6,164,850</b> | <b>\$6,211,746</b> | <b>\$6,483,299</b> | <b>\$5,552,138</b>                        | <b>75.1%</b>        |
| <b>Non-Operational Revenue</b>               |                    |                    |                    |                    |                    |                                           |                     |
| Operating Reserves Interest                  | \$189,000          | \$192,606          | \$196,282          | \$200,027          | \$203,844          | \$178,099                                 | 2.4%                |
| Other Non-Operational Revenues <sup>1/</sup> | \$1,205,220        | \$2,221,624        | \$2,460,245        | \$2,586,030        | \$2,490,617        | \$1,663,650                               | 22.5%               |
| <b>TOTAL REVENUE</b>                         | <b>\$8,478,831</b> | <b>\$8,648,408</b> | <b>\$8,821,376</b> | <b>\$8,997,804</b> | <b>\$9,177,760</b> | <b>\$7,393,886</b>                        | <b>100.0%</b>       |
| <b>Operating Reserves Growth</b>             | \$6,300,000        | \$6,420,217        | \$6,542,727        | \$6,667,575        | \$6,794,806        | \$5,936,631                               |                     |

NOTE: DDC is expected to open in 2014. Therefore, Year 1 represents the inflated 2014 dollar value.

<sup>1/</sup> Represents potential revenue from grants, gifts, corporate sponsorships, fundraising events, endowment proceeds and other relevant sources. See discussion in text.

Source: ConsultEcon, Inc.

### Revenue Summary

Based on the existing program for the facility, its attendance potential, ticket pricing, memberships and assumptions regarding Non-Operational Revenues, data in Table IX-4 present a five-year estimate of revenue potential for the DDC. The initial years of operation benefit from higher attendance levels than is expected in the stable year. The first year estimate is in current dollars, with future years assuming a 2.0 percent annual inflation rate. The actual dollar amounts for Year 1 and subsequent years will depend on future rates of inflation, project performance, and the number of years the project takes to develop before opening.

The stable year Operational Revenue potential for the DDC is estimated to be approximately \$5.6 million in current dollars based on the findings and assumptions of this report. Non-Operational Revenues have been estimated at \$1.8 million in a stabilized year in current dollars (25% of total revenues).

### **OPERATING EXPENSE PROFILE**

Museums and nature based sites, like the DDC, are largely fixed cost operations. The costs with little variability include utilities, insurance, most personnel, exhibit care, basic marketing, and maintenance. However, there is some variability in expenses based on attendance levels such as visitor services, education programs, marketing and so forth. Over time, an institution can adjust its operation upward or downward to fit its revenue profile. In this analysis, the operating expense profile was developed to reflect the proposed program and the experience of other comparable projects of this type. Inputs to the operating expenses analyses include the experience of comparable facilities and the “metrics” of the new facility – its size, program and attendance potential. Increasingly detailed operating expense plans can be made in subsequent planning, design and construction phases.

The expenses reflect a tightly operated project with a “bottom line” orientation. These profiles do not reflect the capitalized reinvestment in the DDC that will be necessary over time for the physical structure and the exhibits. If higher revenues than those presented are attained, additional programs and reinvestment will be possible. Following are discussions of some of the major expense categories for the project.

#### **Personnel Expenses**

Data in **Table IX-5** illustrate estimated staffing requirements for the DDC based on facility size and program, estimated attendance patterns, and operating scenario. Compensation levels for the project were developed based on the experience of comparable projects in this region of the country. These salary levels are for comparative and analytical purposes only. They are not meant to be used to set the compensation levels for any given individual. An average fringe rate for taxes and benefits of 28 percent of total full-time, part-time and seasonal salaries is used in this analysis. The staffing profile prepared for this analysis is appropriate for the mid-range attendance level and a 73,000 GSF facility with an additional 70,700 GSF of exterior areas.

The staffing profile for the project includes 51 full-time year-round employees, 52 part-time employees and 9 seasonal employees, for a total of 79.25 full-time equivalent positions. In addition, an allowance of \$37,500 has been included (in addition to noted seasonal positions and interns) annually for various part-time, seasonal and intern wages. An average cost of \$15.00 per hour (including employer taxes and other direct costs) for 2,500 hours has been assumed. As funding and operating experience allow, additional staff positions would enrich the offerings and operations of the DDC. The total payroll for the DDC, based on this staffing profile, is estimated at \$3.6 million inclusive of overhead and benefits plus \$37,500 as an allowance for various part-time, seasonal and intern wages. Personnel direct salary and fringe benefit costs are approximately 50 percent of total operating expenses. Personnel costs have been typically higher than the rate of inflation; therefore, this analysis assumes personnel related costs such as salaries and benefits will increase at a rate of 2.5 percent per year.

Like many non-profit attractions, staff positions would be supplemented by volunteers, who would have interpretive duties as well as duties associated with education, exhibits and other important functions such as supporting admissions and retail. Based on data on the comparable destinations in Table VI-5, the DDC may have the potential to attract a base of 200-300 volunteers. The number of volunteers will ultimately depend on the size and scope of facility's programming, education approach, opportunities for meaningful service, quality of the volunteer program and so forth.

**Table IX-5  
Illustrative Personnel Positions and Salaries  
Desert Discovery Center**

| Position                                                                   | Annual Salaries (FTE)        | Part-Time Seasonal (Peak Season) Salaries | Number of Full Time Positions | Number of Part Time Positions | Number of Peak Season Positions | Total Salary Budget |                    |
|----------------------------------------------------------------------------|------------------------------|-------------------------------------------|-------------------------------|-------------------------------|---------------------------------|---------------------|--------------------|
| <b>Administration</b>                                                      |                              |                                           |                               |                               |                                 |                     |                    |
| Executive Director                                                         | \$150,000                    |                                           | 1                             |                               |                                 | \$150,000           |                    |
| Business Manager / CFO                                                     | \$100,000                    |                                           | 1                             |                               |                                 | \$100,000           |                    |
| Personnel Manager                                                          | \$55,000                     |                                           | 1                             |                               |                                 | \$55,000            |                    |
| Account Manager / Bookkeeper                                               | \$45,000                     |                                           | 1                             | 1                             |                                 | \$67,500            |                    |
| Receptionist/Administrative Asst.                                          | \$29,000                     |                                           | 1                             |                               |                                 | \$29,000            |                    |
| <b>Marketing, Development, Membership and Facility Rentals</b>             |                              |                                           |                               |                               |                                 |                     |                    |
| Marketing Manager                                                          | \$80,000                     |                                           | 1                             |                               |                                 | \$80,000            |                    |
| Marketing Coordinator/Administrative Asst.                                 | \$35,000                     |                                           | 1                             |                               |                                 | \$35,000            |                    |
| Development Manager                                                        | \$90,000                     |                                           | 1                             |                               |                                 | \$90,000            |                    |
| Grant Writer / Development Data Coordinator                                | \$50,000                     |                                           | 1                             |                               |                                 | \$50,000            |                    |
| Membership Manager                                                         | \$55,000                     |                                           | 1                             |                               |                                 | \$55,000            |                    |
| Membership Coordinator                                                     | \$35,000                     |                                           |                               | 1                             |                                 | \$17,500            |                    |
| Marketing & Membership Administrative Asst.                                | \$35,000                     |                                           | 1                             |                               |                                 | \$35,000            |                    |
| Events Coordinator                                                         | \$50,000                     |                                           | 1                             |                               |                                 | \$50,000            |                    |
| Facility Rentals Coordinators                                              | \$45,000                     |                                           | 1                             | 2                             |                                 | \$90,000            |                    |
| <b>Visitor Services and Education Programs</b>                             |                              |                                           |                               |                               |                                 |                     |                    |
| Manager of Education Programs and School Groups                            | \$50,000                     |                                           | 1                             |                               |                                 | \$50,000            |                    |
| Education and Public Program Manager                                       | \$50,000                     |                                           | 1                             |                               |                                 | \$50,000            |                    |
| Educators                                                                  | \$32,000                     |                                           | 1                             | 2                             |                                 | \$64,000            |                    |
| Visitor Services Manager and Training Assistantst. & Volunteers) (Visitor) | \$35,000                     |                                           | 1                             | 1                             |                                 | \$52,500            |                    |
| Visitor Assistants                                                         | \$22,000                     |                                           | 10                            | 16                            |                                 | \$396,000           |                    |
| Visitor Assistants (Peak Season)                                           |                              | \$5,000                                   |                               |                               | 4                               | \$20,000            |                    |
| <b>Retail &amp; Admissions</b>                                             |                              |                                           |                               |                               |                                 |                     |                    |
| Museum Store Manager / Buyer                                               | \$60,000                     |                                           | 1                             |                               |                                 | \$60,000            |                    |
| Assistant Store Manager                                                    | \$40,000                     |                                           | 1                             |                               |                                 | \$40,000            |                    |
| Admissions Manager                                                         | \$55,000                     |                                           | 1                             |                               |                                 | \$55,000            |                    |
| Group Sales Reservationist / Membership Sales                              | \$25,000                     |                                           | 1                             |                               |                                 | \$25,000            |                    |
| Cashiers - Admissions/Retail                                               | \$21,000                     |                                           | 4                             | 10                            |                                 | \$189,000           |                    |
| Cashiers - Admissions/Retail (Peak Season)                                 |                              | \$4,500                                   |                               |                               | 5                               | \$22,500            |                    |
| <b>Exhibits</b>                                                            |                              |                                           |                               |                               |                                 |                     |                    |
| Multimedia Program & Exhibit Manager                                       | \$75,000                     |                                           | 1                             |                               |                                 | \$75,000            |                    |
| IT / Multimedia Technician / Web Site                                      | \$70,000                     |                                           | 1                             |                               |                                 | \$70,000            |                    |
| Changing Exhibit Gallery Coordinator                                       | \$40,000                     |                                           | 1                             |                               |                                 | \$40,000            |                    |
| Exhibit Technician                                                         | \$35,000                     |                                           | 3                             | 3                             |                                 | \$157,500           |                    |
| <b>Plant Operations, Living Specimen Husbandry</b>                         |                              |                                           |                               |                               |                                 |                     |                    |
| Facility Manager / Engineer                                                | \$55,000                     |                                           | 1                             |                               |                                 | \$55,000            |                    |
| Assistant Facility Manager / Engineer                                      | \$40,000                     |                                           | 1                             |                               |                                 | \$40,000            |                    |
| Biologist                                                                  | \$50,000                     |                                           | 1                             |                               |                                 | \$50,000            |                    |
| Horticulturist                                                             | \$50,000                     |                                           | 1                             | 1                             |                                 | \$75,000            |                    |
| Biologists / Horticulturists (Interns)                                     |                              | \$12,000                                  |                               | 4                             |                                 | \$24,000            |                    |
| Staff Technician / HVAC / Life Support Systems                             | \$28,000                     |                                           | 1                             |                               |                                 | \$28,000            |                    |
| Custodians                                                                 | \$22,000                     |                                           | 2                             | 3                             |                                 | \$77,000            |                    |
| Groundskeepers                                                             | \$22,000                     |                                           | 1                             | 2                             |                                 | \$44,000            |                    |
| Lead Security Guard                                                        | \$28,000                     |                                           | 2                             |                               |                                 | \$56,000            |                    |
| Security Guards                                                            | \$24,000                     |                                           |                               | 6                             |                                 | \$72,000            |                    |
| <b>Total</b>                                                               |                              |                                           | <b>51</b>                     | <b>52</b>                     | <b>9</b>                        | <b>\$2,791,500</b>  |                    |
| <b>Fringe &amp; Benefits @ Average of</b>                                  | <b>28% of Total Salaries</b> |                                           |                               |                               |                                 |                     | <b>\$781,620</b>   |
| <b>Total Salaries &amp; Benefits Budget</b>                                |                              |                                           |                               |                               |                                 |                     | <b>\$3,573,120</b> |
| <b>Total Full Time Equivalent Positions (FTE'S)</b>                        |                              |                                           |                               |                               |                                 |                     | <b>79.25</b>       |

NOTES: Part Time Employees Calculated at 50% FTE, seasonal workers at 25% FTE. Volunteers would serve to supplement some positions such as Visitor Assistants.

Visitor Assistants and Cashiers paid positions be supplemented by Volunteers.

Source: ConsultEcon, Inc.

**Non-Personnel Operating Expenses**

Data in **Table IX-6** provide a stable year attendance operating expense estimate in current dollars based on detailed factors for individual expense items for the DDC.

**Table IX-6  
Illustrative Annual Operating Expenses  
Desert Discovery Center**

| <b>Project Parameters</b>                          |                    |                        |                                            |
|----------------------------------------------------|--------------------|------------------------|--------------------------------------------|
| Indoor Square Footage                              | 72,972             |                        |                                            |
| Exterior Square Footage                            | 70,700             |                        |                                            |
| Annual Attendance                                  | 333,000            |                        |                                            |
| Students in Groups                                 | 16,650             |                        |                                            |
| Employees (FTEs)                                   | 79.25              | See Personnel Schedule | <b>Percent to Total</b>                    |
| <b>Detailed Budgetary Analysis</b>                 |                    | <b>Annual Amount</b>   | <b>Expense Factors <sup>1/</sup></b>       |
| Salaries (FTE, PTE)                                | \$2,791,500        |                        | See Personnel Schedule 37.8%               |
| Fringe / Benefits (@ 28% of Sal.)                  | \$781,620          |                        | See Personnel Schedule 10.6%               |
| Allowance for Interns & Seasonal Personnel         | \$37,500           |                        | Budgeted at \$15/hour for 2,500 hours 0.5% |
| Uniforms                                           | \$7,925            | @ \$100                | Per FTE 0.1%                               |
| Professional/Contract Services                     | \$237,750          | @ \$3,000              | Per FTE 3.2%                               |
| Voice/Data/Web Presence                            | \$79,250           | @ \$1,000              | Per FTE 1.1%                               |
| Postage & Shipping                                 | \$27,738           | @ \$350                | Per FTE 0.4%                               |
| Equipment Rental/ Lease                            | \$31,700           | @ \$400                | Per FTE 0.4%                               |
| Travel, Meeting and Entertainment                  | \$39,625           | @ \$500                | Per FTE 0.5%                               |
| Dues and Subscriptions                             | \$19,813           | @ \$250                | Per FTE 0.3%                               |
| Retail Cost of Goods Sold (COGS)                   | \$670,163          | @ 50%                  | Of Gross Retail Sales 9.1%                 |
| Advertising                                        | \$666,000          | @ \$2.00               | Per Attendee 9.0%                          |
| Printing/Copying & Publications                    | \$166,500          | @ \$0.50               | Per Attendee 2.3%                          |
| Educational Kits                                   | \$49,950           | @ \$3.00               | Per Student 0.7%                           |
| Events & Programs                                  | \$200,000          |                        | Budgeted 2.7%                              |
| Changing Exhibits                                  | \$200,000          |                        | Budgeted 2.7%                              |
| Exhibit Reinvestment                               | \$199,800          | @ \$0.60               | Per Attendee 2.7%                          |
| Exhibit Supplies                                   | \$30,000           |                        | Budgeted 0.4%                              |
| Exhibit Replacement                                | \$15,000           |                        | Budgeted 0.2%                              |
| Supplies & Materials                               | \$158,500          | @ \$2,000              | Per FTE 2.1%                               |
| Utilities                                          | \$218,916          | @ \$3.00               | Per Interior SF 3.0%                       |
| Insurance                                          | \$91,215           | @ \$1.25               | Per Interior SF 1.2%                       |
| Repairs & Maintenance                              | \$109,458          | @ \$1.50               | Per Interior SF 1.5%                       |
| Grounds keeping/Landscaping Supplies & Replacement | \$75,000           | @ \$6,250              | Per Month <sup>2/</sup> 1.0%               |
| Parking Maintenance                                | \$18,000           |                        | Budgeted for 300 spaces 0.2%               |
| Other Operating Expenses / Contingency             | \$118,875          | @ \$1,500              | Per FTE 1.6%                               |
| <b>Subtotal Operating Expenses</b>                 | <b>\$7,041,797</b> |                        | <b>95.2%</b>                               |
| <b>Capital Reserves</b>                            | <b>\$352,090</b>   | @ 5%                   | of Op. Expenses 4.8%                       |
| <b>Total Operating Costs</b>                       | <b>\$7,393,886</b> |                        | <b>100.0%</b>                              |
| <b>Operating Analysis</b>                          |                    |                        |                                            |
| <b>Operating Expense Per SF</b>                    | \$101.32           |                        |                                            |
| <b>Operating Expense Per Visitor</b>               | \$22.20            |                        |                                            |
| <b>Attendees Per FTE</b>                           | 4,202              |                        |                                            |
| <b>Op. Exp Per FTE</b>                             | \$93,298           |                        |                                            |
| <b>Square Feet Per FTE</b>                         | 921                |                        |                                            |

<sup>1/</sup> Factors are based on industry standards, the specific attributes of the project and local conditions.

<sup>2/</sup> Source: Ten Eyck Landscape Architects, Inc.

Source: ConsultEcon, Inc.

Following is a discussion of selected individual categories.

### **Cost of Goods Sold (COGS)**

The gift shop is assumed to be set-up and operated by DDC and include diverse merchandise supporting the visitor experiences offered. Gift shop personnel costs are included in the administration and retail staffing estimates. Shop operating supplies, utilities and other administrative expenses are included within the overall DDC operating cost line items. Cost of goods sold is assumed at 50 percent of gross retail sales, based on typical industry results.

### **Advertising, Printing and Publications**

Advertising, printing and publications include the design, production and distribution expenses for internet, television, radio, newspaper, outdoor posters, billboards, and other printed matter including office stationary and letterhead; press release packages; educational kits; tour guides and others. In addition, a compelling and informative DDC website would be prepared and sustained. It is assumed that the DDC will prepare a marketing plan appropriate for the facility, the attendance potential and the marketing channels in the Scottsdale area. The DDC is expected to receive much free publicity by local media stations and sources initially and over time.

### **Professional Services**

Professional services include consulting fees, tax preparation and auditing, legal fees, office equipment maintenance contracts, consulting contracts for marketing, benefits, information technology etc. at \$238,000.

### **Supplies and Materials**

Supplies and materials include consumable items such as office supplies, custodial and building maintenance supplies, paper products, educational aids and exhibit tools, estimated at \$159,000. Factors for supplies and materials have been provided for office, curatorial and educational/programming functions as well. Supplies and material expenses are based on comparable organization data.

### **Other Administrative Expenses**

Other administrative expenses include telephone and internet; postage and shipping; equipment rental; travel and development; dues and subscriptions; and other costs. Projections for other administrative expenses were based on comparable organization data. Other operating costs account for operating contingencies and discretionary departmental expenses.

### **Utilities, Repairs and Maintenance, and Insurance**

The DDC estimated utility costs were estimated on a preliminary basis from comparable organization data. As a modern new facility with “green” design, allowances were made for efficiencies within the facility’s design, and from energy conservation and recycling efforts. The utilities budget includes electricity costs (including outdoor lighting), air handling (HVAC), exhibit and general lighting, as well as other uses, energy for heating and cooling, public services, and charges for sewerage. Repairs and maintenance are based on a new building, and insurance costs are based on typical amounts for museums and current experience.

### **Events**

The DDC will offer special events and programs. This approach of actively engaging the community has been successful elsewhere and is planned as an important part of the DDC experience. A budget of \$200,000 annually has been allocated in this plan for such purposes. In addition, it is anticipated that the DDC will seek sponsors for such events.

### **Changing Exhibits**

The lease of traveling exhibits is an increasingly important component of museum and comparable facilities operations nationally. Traveling exhibits help a facility like the DDC to offer new subjects and concepts to the public without the time and labor needed to develop the exhibition program in-house. Temporary exhibits produced in-house provide an opportunity to focus on local topics and to utilize in-house expertise and creativity. Traveling and temporary exhibitions also helps to generate new and repeat visitation. The plan for the DDC includes changing exhibit space and it is expected that changing exhibits would be offered annually. This budget has allocated \$200,000 annually for such purposes, based on observed costs for traveling and temporary exhibit programs.

### **Exhibit Reinvestment & Supplies**

This operating budget category covers normal upkeep and maintenance of exhibits and any consumables that may be included. Reinvestment in the exhibits is essential to maintaining a “fresh” face to the public and in keeping all exhibits in good working order. The full replacement of exhibit areas over time would be based on new capital campaigns, and the costs would be a capitalized expenditure. Annual repair and improvement however should be budgeted as a recurring and ongoing process. This budget includes approximately \$200,000 for this cost based on \$.60 per attendee to reflect the wear and tear on the exhibit areas.

### **Capital Reserves**

A capital reserves fund should be in place to cover major non-recurring expenses for mechanical, electrical and plumbing repairs and maintenance contracts. These costs are expected to be less during the early years of operation due to new construction and extended warranty periods. Capital reserves may also contribute to future changing exhibits, minor building improvements and replacement of large equipment under heavy use such as exhibit lighting and HVAC units. This reserve can also double as an operating expense contingency fund in emergencies. Contributions to this fund are usually made from surplus Non-Operational Revenues, but can also be funded through fundraising. An annual budget of approximately \$352,000 or 5 percent of total operating expenses for replacement reserves is included in this analysis.

### **Total Operating Costs**

Total operating costs including Capital Reserves are estimated at approximately \$7.4 million in a stable year and in current dollar value. Data in **Table IX-7** summarize the estimated operating costs of the DDC for a five-year period. It is important to note that Year 1 of the plan is in 2014 dollars. The actual amounts for Year 1 and subsequent years will depend on future inflation, the number of years before opening and the actual budgets put into place.

**Table IX-7**  
**5-Year Operating Expenses in Future Dollars**  
**Desert Discovery Center**

| Year                                              | 2014               | 2015               | 2016               | 2017               | 2018               | Stable Yr<br>(in current<br>dollars) | Percent to<br>Total |
|---------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------------------------|---------------------|
| Operating Expenses                                | YEAR 1             | YEAR 2             | STABLE<br>YEAR 3   | YEAR 4             | YEAR 5             |                                      |                     |
| Salaries (FTE, PTE)                               | \$3,006,140        | \$3,081,294        | \$3,158,326        | \$3,237,284        | \$3,318,216        | \$2,791,500                          | 37.8%               |
| Fringe / Benefits (@ 28% of Sal.)                 | \$841,719          | \$862,762          | \$884,331          | \$906,440          | \$929,101          | \$781,620                            | 10.6%               |
| Allowance for Interns & Seasonal Personnel        | \$40,383           | \$41,393           | \$42,428           | \$43,489           | \$44,576           | \$37,500                             | 0.5%                |
| Uniforms                                          | \$8,410            | \$8,620            | \$8,836            | \$9,057            | \$9,283            | \$7,925                              | 0.1%                |
| Professional/Contract Services                    | \$252,302          | \$257,348          | \$262,495          | \$267,745          | \$273,100          | \$237,750                            | 3.2%                |
| Voice/Data/Web Presence                           | \$84,101           | \$85,783           | \$87,498           | \$89,248           | \$91,033           | \$79,250                             | 1.1%                |
| Postage & Shipping                                | \$29,435           | \$30,024           | \$30,624           | \$31,237           | \$31,862           | \$27,738                             | 0.4%                |
| Equipment Rental/ Lease                           | \$33,640           | \$34,313           | \$34,999           | \$35,699           | \$36,413           | \$31,700                             | 0.4%                |
| Travel, Meeting and Entertainment                 | \$42,050           | \$42,891           | \$43,749           | \$44,624           | \$45,517           | \$39,625                             | 0.5%                |
| Dues and Subscriptions                            | \$21,025           | \$21,446           | \$21,875           | \$22,312           | \$22,758           | \$19,813                             | 0.3%                |
| Retail Cost of Goods Sold (COGS)                  | \$853,418          | \$761,676          | \$739,914          | \$754,712          | \$773,655          | \$670,163                            | 9.1%                |
| Advertising                                       | \$848,117          | \$756,945          | \$735,318          | \$750,024          | \$768,850          | \$666,000                            | 9.0%                |
| Printing/Copying & Publications                   | \$212,029          | \$189,236          | \$183,829          | \$187,506          | \$192,212          | \$166,500                            | 2.3%                |
| Educational Kits                                  | \$44,526           | \$51,094           | \$55,149           | \$56,252           | \$57,664           | \$49,950                             | 0.7%                |
| Events & Programs                                 | \$212,242          | \$216,486          | \$220,816          | \$225,232          | \$229,737          | \$200,000                            | 2.7%                |
| Changing Exhibits / Curatorial                    | \$212,242          | \$216,486          | \$220,816          | \$225,232          | \$229,737          | \$200,000                            | 2.7%                |
| Exhibit Reinvestment                              | \$212,029          | \$216,270          | \$220,595          | \$225,007          | \$229,507          | \$199,800                            | 2.7%                |
| Exhibit Supplies                                  | \$31,836           | \$32,473           | \$33,122           | \$33,785           | \$34,461           | \$30,000                             | 0.4%                |
| Exhibit Replacement                               | \$15,918           | \$16,236           | \$16,561           | \$16,892           | \$17,230           | \$15,000                             | 0.2%                |
| Supplies & Materials                              | \$168,201          | \$171,565          | \$174,997          | \$178,497          | \$182,067          | \$158,500                            | 2.1%                |
| Utilities                                         | \$232,315          | \$236,962          | \$241,701          | \$246,535          | \$251,466          | \$218,916                            | 3.0%                |
| Insurance                                         | \$96,798           | \$98,734           | \$100,709          | \$102,723          | \$104,777          | \$91,215                             | 1.2%                |
| Repairs & Maintenance                             | \$116,158          | \$118,481          | \$120,850          | \$123,267          | \$125,733          | \$109,458                            | 1.5%                |
| Groundskeeping/Landscaping Supplies & Replacement | \$79,591           | \$81,182           | \$82,806           | \$84,462           | \$86,151           | \$75,000                             | 1.0%                |
| Parking Maintenance                               | \$19,102           | \$19,484           | \$19,873           | \$20,271           | \$20,676           | \$18,000                             |                     |
| Other Operating Expenses / Contingency            | \$126,151          | \$128,674          | \$131,248          | \$133,873          | \$136,550          | \$118,875                            | 1.6%                |
| Miscellaneous <sup>1/</sup>                       | \$235,196          | \$116,668          | \$0                | \$0                | \$0                | \$0                                  | 0.0%                |
| <b>Total Operating Expenses</b>                   | <b>\$8,075,078</b> | <b>\$8,236,579</b> | <b>\$8,401,311</b> | <b>\$8,569,337</b> | <b>\$8,740,724</b> | <b>\$7,041,797</b>                   | <b>95.2%</b>        |
| <b>Capital Reserves <sup>2/</sup></b>             | <b>\$403,754</b>   | <b>\$411,829</b>   | <b>\$420,066</b>   | <b>\$428,467</b>   | <b>\$437,036</b>   | <b>\$352,090</b>                     | <b>4.8%</b>         |
| <b>Total Operating Costs</b>                      | <b>\$8,478,831</b> | <b>\$8,648,408</b> | <b>\$8,821,376</b> | <b>\$8,997,804</b> | <b>\$9,177,760</b> | <b>\$7,393,886</b>                   | <b>100.0%</b>       |

1/ To accommodate higher attendance levels after opening in Years 1 and 2 and unforeseen early year expenditures, the operating expenses have been increased by 3% and 1.5%, respectively, in addition to inflation.

2/ Capital Reserves include funds for equipment replacements and minor building repairs/improvements.

Source: ConsultEcon, Inc.

## OPERATING POTENTIAL SUMMARY

Based on the detailed Operational Revenue potential and operating expense analyses presented earlier, data in **Table IX-8** provide combined operating revenue and operating expense scenario for the project, based on a mid-range attendance scenario. In the early years of the project, when attendance is higher than in a stable year, Operational Revenues are likely to be higher than in later stabilized years. Over a five-year period there will be some variability in operating performance based on the years' individual circumstances (tourism cycles, weather patterns, the national

economy etc.), with higher levels of Non-Operational Revenues allowing higher levels of cash flow and/or enhanced operations.

### **Low-Range Attendance Sensitivity Analysis**

A sensitivity analysis at the low end of the attendance potential range (264,000 visitors in stable year) was prepared, and is included in **Appendix E**. Attendance is the primary driver of operating revenue, so testing the operating results at the low attendance range provides a useful project sensitivity test. The Operational Revenue potential at the low attendance range is \$4.4 million in stable year in current dollars, and non-Operational Revenue target of \$2.2 million. In this scenario, operating expenses were adjusted downward to reflect the lower attendance and a leaner organization operating profile. Operational Revenues cover approximately 66 percent of the \$6.7 million operating expenses appropriate for the Low Attendance Range Sensitivity Analysis. This sensitivity analysis indicates that at a low range market response, there should be good opportunity to adjust operations and raise additional funds to operate DDC successfully. In addition, and as noted, there is a \$6.3 million cash operating reserve planned as part of the project's initial capital cost that would be available for any contingencies, as well as to provide funding should fundamental shifts in the organization's structure be necessary to reach a new equilibrium between revenue sources and operating costs.

**Table IX-8**  
**Net Income Summary**  
**Desert Discovery Center**

|                                              | <b>Stabilized<br/>Attendance<br/>Levels <sup>1/</sup></b> | <b>2014<br/>YEAR 1</b> | <b>2015<br/>YEAR 2</b> | <b>2016<br/>STABLE<br/>YEAR 3</b> | <b>2017<br/>YEAR 4</b> | <b>2018<br/>YEAR 5</b> |
|----------------------------------------------|-----------------------------------------------------------|------------------------|------------------------|-----------------------------------|------------------------|------------------------|
| <b>Revenues</b>                              |                                                           |                        |                        |                                   |                        |                        |
| Operational Revenues                         | \$5,552,138                                               | \$7,084,612            | \$6,234,178            | \$6,164,850                       | \$6,211,746            | \$6,483,299            |
| Non-Operational Revenues                     |                                                           |                        |                        |                                   |                        |                        |
| Operating Reserves Interest                  | \$178,099                                                 | \$189,000              | \$192,606              | \$196,282                         | \$200,027              | \$203,844              |
| Other Non-Operational Revenues <sup>2/</sup> | \$1,663,650                                               | \$1,205,220            | \$2,221,624            | \$2,460,245                       | \$2,586,030            | \$2,490,617            |
|                                              | \$7,393,886                                               | \$8,478,831            | \$8,648,408            | \$8,821,376                       | \$8,997,804            | \$9,177,760            |
| <b>Expenses</b>                              |                                                           |                        |                        |                                   |                        |                        |
| Operating Costs                              | \$7,041,797                                               | \$8,075,078            | \$8,236,579            | \$8,401,311                       | \$8,569,337            | \$8,740,724            |
| Capital Reserves                             | \$352,090                                                 | \$403,754              | \$411,829              | \$420,066                         | \$428,467              | \$437,036              |
|                                              | \$7,393,886                                               | \$8,478,831            | \$8,648,408            | \$8,821,376                       | \$8,997,804            | \$9,177,760            |
| <b>Net Revenue</b>                           | \$0                                                       | \$0                    | \$0                    | \$0                               | \$0                    | \$0                    |

<sup>1/</sup> Revenue and expense in current dollars.

<sup>2/</sup> Estimates of Non-Operational Revenue Potential have been limited to the extent required. Higher amounts would be sought.

Source: ConsultEcon, Inc.

### Comparison to Case Studies

Data in **Table IX-9** compare selected operating characteristics of the DDC under a mid-range attendance scenario to the case studies in this report. These data indicate that the DDC's operating profile is consistent with the experience of the case studies.

**Table IX-9**  
**Comparison of Desert Discovery Center Operating Characteristics with Case Studies**

| Facility                                                    | Attendance            | Operational Revenue       | Non-Operational Revenue   | Operating Expenses        | FTE Employees <sup>1/</sup> |
|-------------------------------------------------------------|-----------------------|---------------------------|---------------------------|---------------------------|-----------------------------|
| Abraham Lincoln Presidential Library and Museum             | 410,000               | NA                        | NA                        | \$10,000,000              | 47.5                        |
| Arizona-Sonora Desert Museum                                | 400,000               | \$5,117,000               | \$3,036,000               | \$8,056,000               | 122                         |
| Desert Botanical Garden                                     | 320,000               | \$4,764,000               | \$6,811,000               | \$8,537,000               | 110                         |
| High Desert Museum                                          | 150,000               | \$2,200,000               | \$1,306,000               | \$3,972,000               | 44                          |
| Las Vegas Springs Preserve                                  | 206,000               | \$1,569,000               | \$10,633,000              | \$12,182,000              | 89                          |
| Living Desert                                               | 325,000               | \$5,876,000               | \$1,407,000               | \$9,088,000               | 110                         |
| Wild Center - The Natural History Museum of the Adirondacks | 100,000               | \$1,942,000               | \$2,901,000               | \$4,676,000               | 42                          |
| <b><i>Proposed Desert Discovery Center</i></b>              | <b><i>333,000</i></b> | <b><i>\$5,552,000</i></b> | <b><i>\$1,842,000</i></b> | <b><i>\$7,394,000</i></b> | <b><i>79.25</i></b>         |

1/ FTE = Full-Time Equivalent. Part-time employees at 50% of full-time employee and seasonal employees at 25% of full-time employee.  
Source: Facilities profiled and ConsultEcon, Inc.

### Operating Potential Summary

Based on the analysis in this report, the DDC has the potential to operate successfully over time, if the assumptions regarding quality of facility development, operations and annual fundraising are met. This project will derive substantial income from tickets, retail, food service, facility rentals, memberships and programs; however, active and successful fundraising is vital to sustain the DDC. In this scenario, the DDC earns about 75 percent of the revenues needed to support the facility's operating costs. This is a strong rate for a successful, well-run facility of this scale and type, and reflects the outstanding site, the attractive facility plan, and the organizational profile and expense budgets as outlined herein.

In addition to the DDC's substantial capacity to generate Operational Revenues, the DDC, like virtually all not-for-profit institutions of its type, will need to secure Non-Operational Revenues to sustain operations. The Non-Operational Revenues target has been set only at the level needed to cover the operating expenses of the plan. The Non-Operational Revenues assumed in this plan are well within the experience of other major conservation and education destinations nationally and in

the Phoenix Metro Area. In reality, the DDC would set higher targets for Non-Operational Revenues in order to expand programs, build endowment, reinvest in the facility and increase financial reserves to mitigate any variances from Operational Revenue plans. A directed set of fundraising and giving programs will help to accomplish this goal.

The operating profile of the facility is similar to many of the comparable institutions, whose operating strategies have been used in preparing the operating plan. Many projects of this type experience early year surges in attendance. This pattern has been included in this plan, and the operating plan is based on stable year performance. Diversified and creative sources of revenue and sound fiscal management will assist the DDC to sustain its operations and provide a valuable resource for conservation, education and enjoyment in the Scottsdale area.

### **PRELIMINARY PRE-OPENING OPERATING PLAN**

In addition to design, permitting, building construction, exhibits design, fabrication and installation, and furniture, fixtures and equipment; the development costs for an organization such as DDC include, in part, costs associated with the following:

- ◆ Development administration
- ◆ Fundraising and financing
- ◆ Project management, business planning, legal and other professional services
- ◆ Additional staff recruitment and training
- ◆ Administrative costs
- ◆ Pre-opening marketing and outreach
- ◆ Gift shop (initial stock)
- ◆ Temporary work space for new employees and those displaced during construction
- ◆ Pre-opening building operations after the building has its occupancy permits but before grand opening
- ◆ Funds to secure any travelling or special exhibits in place at grand opening
- ◆ Additional financial reserves given the increased organizational scale
- ◆ Pre-opening gala & events
- ◆ Operating reserves and endowment

The design, permitting, construction and other building specific expenditures will be based on final design and future conditions. However, an initial estimate of the project’s timeline and order-of-magnitude pre-opening costs is useful to the planning process.

Data in **Table IX-10** provide key assumptions for the pre-opening operating plan for DDC. Data in **Table IX-11** provide a preliminary review of the potential pre-opening costs for the DDC for a development period assumed to require 3.5 years to grand opening. This development time period is a preliminary placeholder for this early analysis but is typical for a project of this type and scale.

The identified pre-opening operating costs are estimated at \$6.1 million in the value of the dollar in the year they are planned to be expended in, plus, an additional \$6.3 million for operating reserves in future dollars. This reserve fund is the equivalent of one year’s operating expenses, not including the cost of retail goods sold and annual contribution to capital reserves. This provides an indication of the actual dollar amount needed for this component of the overall development plan. As project planning moves forward, the pre-opening operating plan should be revisited and refined.

**Table IX-10**  
**Key Pre-Opening Cost Assumptions**  
**Desert Discovery Center**

|                                              |                         |
|----------------------------------------------|-------------------------|
| Occupancy of Space                           | October 1, 2013         |
| Technical Training                           | October - November 2013 |
| Soft Opening Date                            | December 1, 2013        |
| Pre-opening/Audience Testing                 | December 1, 2013        |
| Grand Opening Date                           | January 1, 2014         |
| Days Per Week Open                           | 7                       |
| Annual Inflation Factor                      | 2.0%                    |
| Personnel Inflation Factor                   | 2.5%                    |
| Fringe & Benefits as % of Salary             | 28.0%                   |
| Pre-Op Administrative Costs % of Total Wages | 25.0%                   |
| Staff Recruitment % of New Employee Wages    | 10.0%                   |
| Contingency on Pre-Opening Costs             | 20.0%                   |

Source: ConsultEcon, Inc.

**Table IX-11**  
**Preliminary Pre-Opening Costs Through Opening January 1, 2014**  
**Desert Discovery Center**

| Year                                                                     | 2010       | 2011               | 2012               | 2013                |                     |                         |
|--------------------------------------------------------------------------|------------|--------------------|--------------------|---------------------|---------------------|-------------------------|
| Years Before Opening                                                     | -4         | -3                 | -2                 | -1                  |                     |                         |
| <i>1/2 Year Factor</i>                                                   | 50%        |                    |                    |                     |                     |                         |
| <i>Inflation Rate</i>                                                    | 0.00%      | 2.00%              | 2.00%              | 2.00%               |                     |                         |
| <i>Inflation Rate Factor</i>                                             | 0.00%      | 102.00%            | 104.04%            | 106.12%             |                     |                         |
| <i>Personnel Inflation Rate</i>                                          | 0.00%      | 2.50%              | 2.50%              | 2.50%               |                     |                         |
| <i>Personnel Inflation Rate Factor</i>                                   | 0.00%      | 102.50%            | 105.06%            | 107.69%             |                     |                         |
|                                                                          |            |                    |                    |                     | <b>Total</b>        | <b>Percent of Total</b> |
| <b>Staff</b> <sup>1/</sup>                                               |            |                    |                    |                     |                     |                         |
| Salaries                                                                 | \$0        | \$115,313          | \$538,445          | \$1,623,068         | \$2,276,826         | 18.4%                   |
| Fringe & Benefits                                                        | 0          | 32,288             | 150,765            | 454,459             | 637,511             | 5.2%                    |
| Staff Recruitment & Training<br>(10% of Salaries)                        | 0          | 11,531             | 53,845             | 162,307             | 227,683             | 1.8%                    |
| Temporary Employees for Opening                                          | 0          | 0                  | 0                  | 20,000              | 20,000              | 0.2%                    |
| <b>Subtotal Staff Related Costs</b>                                      | <b>0</b>   | <b>159,131</b>     | <b>743,055</b>     | <b>2,259,834</b>    | <b>3,162,020</b>    | <b>25.6%</b>            |
| <b>Administrative Costs (15% of Salary, Fringe &amp; Benefits)</b>       | <b>0</b>   | <b>23,870</b>      | <b>111,458</b>     | <b>338,975</b>      | <b>474,303</b>      | <b>3.8%</b>             |
| <b>Temporary Office Rental</b>                                           | <b>0</b>   | <b>12,000</b>      | <b>20,000</b>      | <b>25,000</b>       | <b>57,000</b>       | <b>0.5%</b>             |
| <b>Temporary On-Site Trailer Rental</b>                                  | <b>0</b>   | <b>0</b>           | <b>6,000</b>       | <b>4,500</b>        | <b>10,500</b>       | <b>0.1%</b>             |
| <b>Live Animal &amp; Planting Related Costs Before Building Occupied</b> | <b>0</b>   | <b>0</b>           | <b>0</b>           | <b>50,000</b>       | <b>50,000</b>       | <b>0.4%</b>             |
| <b>Educational Programs / Outreach</b>                                   | <b>0</b>   | <b>0</b>           | <b>0</b>           | <b>50,000</b>       | <b>50,000</b>       | <b>0.4%</b>             |
| <b>Moving from Temporary Offices to Site</b>                             | <b>0</b>   | <b>0</b>           | <b>0</b>           | <b>25,000</b>       | <b>25,000</b>       | <b>0.2%</b>             |
| <b>Other Operating Expenses After Building Occupied</b> <sup>2/</sup>    | <b>0</b>   | <b>0</b>           | <b>0</b>           | <b>341,706</b>      | <b>341,706</b>      | <b>2.8%</b>             |
| <b>Museum Store Merchandise (Allowance)</b> <sup>3/</sup>                | <b>0</b>   | <b>0</b>           | <b>0</b>           | <b>369,815</b>      | <b>369,815</b>      | <b>3.0%</b>             |
| <b>Opening Traveling Exhibits</b> <sup>4/</sup>                          |            |                    |                    |                     |                     |                         |
| Budget - \$200,000                                                       |            |                    |                    |                     |                     |                         |
| Booking Fee <sup>5/</sup>                                                | 0          | 0                  | 0                  | 53,845              | 53,845              | 0.4%                    |
| <b>Pre-Opening Marketing</b>                                             | <b>0</b>   | <b>0</b>           | <b>150,000</b>     | <b>500,000</b>      | <b>650,000</b>      | <b>5.3%</b>             |
| <b>Opening Gala</b>                                                      | <b>0</b>   | <b>0</b>           | <b>0</b>           | <b>250,000</b>      | <b>250,000</b>      | <b>2.0%</b>             |
| <b>Contingency at 10% of Other Pre-Opening Costs</b> <sup>6/</sup>       | <b>0</b>   | <b>70,826</b>      | <b>177,357</b>     | <b>326,425</b>      | <b>574,609</b>      | <b>4.6%</b>             |
| <b>Subtotal Pre-Opening Costs, Before Endowment</b>                      | <b>0</b>   | <b>265,827</b>     | <b>1,207,869</b>   | <b>4,595,099</b>    | <b>6,068,796</b>    | <b>49.1%</b>            |
| <b>Operating Reserves and Contingency</b> <sup>7/</sup>                  | <b>0</b>   | <b>1,000,000</b>   | <b>3,000,000</b>   | <b>2,300,000</b>    | <b>6,300,000</b>    | <b>50.9%</b>            |
| <b>Total Pre-Opening Costs</b>                                           | <b>\$0</b> | <b>\$1,265,827</b> | <b>\$4,207,869</b> | <b>\$6,895,099</b>  | <b>\$12,368,796</b> | <b>100.0%</b>           |
| <b>Cumulative Pre-Opening Costs</b>                                      | <b>\$0</b> | <b>\$1,265,827</b> | <b>\$5,473,697</b> | <b>\$12,368,796</b> |                     |                         |

NOTE: Assumes DDC will open January 1, 2014 and that Center will be fitted-out before opening and occupancy. Does not include other pre-opening project costs such as project management, architectural and engineering fees, animal and plant collections and holding, FF&E (furniture, fixtures and equipment), legal fees, interim financing costs, etc.

1/ This is the summary of pre-opening staff costs per year. A back-up table includes list of staff positions and when they are hired. This includes costs associated with staff training.

2/ Represents 3 months worth of opening year operating expenses such as professional/contract services; voice/data; postage & shipping; equipment lease/rental; travel, meeting & entertainment; professional development; dues & subscriptions; printing/copying; general supplies and materials; animal and plant feed & supplies; utilities; insurance & taxes; groundskeeping; parking maintenance; utilities; and other operating expenses.

3/ Assumed at 1/2 of opening year cost of goods sold (COGS) will be needed to stock and supply retail area for opening.

4/ The costs associated with the Opening Traveling Exhibits should be credited back to Year 1 Changing Exhibit budget expenses.

5/ Assumed at 25% of budget, and that the booking fee is put towards the total cost of the changing/traveling exhibit rental.

6/ Assumes contingency on all other pre-opening costs listed above of 20% in 2011, 10% in 2012 and 5% in 2013. Does not reflect cost of collection and holding. It also does not include the costs of the plantings and gardens. Depending on the size of the plantings, this should be planned for at a minimum of 2 years in advance.

7/ Assumes approximately one, stable year's worth of operating budget of rounded \$6.3 million in future dollars. Does not include the cost of retail goods sold and capital reserve.

Source: ConsultEcon, Inc.

## PRELIMINARY MARKETING STRATEGY

Publicity and public outreach will be an ongoing and increasingly important activity as the DDC is developed. These activities will transition to the ongoing marketing, advertising and publicity for the DDC as it opens and operates. Following is a Preliminary Marketing Strategy for the DDC.

### Product Definition

The DDC product definition starts with its Mission Statement, extends to its building and site program and the types of experiences it will offer.

The Desert Discovery Center Mission Statement as adopted to date by the DDC oversight Committee is:

The **Desert Discovery Center** is a magical place providing a culture of educational wonder and recreational insights, inspiring both residents and visitors to understand, appreciate, sustain, and return to the McDowell Sonoran Preserve and the world's richest, most amazing desert, which is its home.  
(Revised April 8, 2010)

The DDC will be large in scale at 72,972 SF and 70,700 SF of exterior public spaces. This will be a major destination in the Phoenix Metro Area and has the space and capacity to accommodate a very high attendance pattern and high attendance days.

The architecture of the Desert Discovery Center (DDC) is conceived as a world-class statement on how to sensitively integrate a built environment into its pristine Sonoran Desert setting, while at the same time providing for all the educational, recreational, and social opportunities the DDC affords.

Experiencing the DDC's various pavilions and courtyards visitors will gain an insightful education about the McDowell Sonoran Mountain Preserve, as well as the Sonoran Desert. Numerous interpretative exhibits, and hands-on demonstrations by Preserve docents will be contained within the courtyards and pavilions geared to all ages and all levels of interest.

An immersive theater experience will take visitors on an emotional journey through the desert. Within the DDC, one will be able to fully experience the mysteries of the desert and the hidden worlds of the desert plant and animal life through interesting and engaging exhibit experiences. These will include experiences geared to adults as well as to children. The DDC will be a place of constantly changing presentations and events so that one gains a different experience on every visit.

The Center will be a place of community gathering and entertainment, including:

- ◆ A restaurant/and cafe will be featured with a unique desert-dining garden.
- ◆ A shade covered amphitheater will feature on-going talks as well as musical entertainment.
- ◆ A retail pavilion will feature a unique blend of desert related items such as gifts, hiking gear, books, desert plants, art, CD's, etc.
- ◆ The Desert Great Room, another community gathering place, will be a multi-purpose, architecturally unique, indoor/outdoor pavilion that will be used for a variety of presentations, conferences and social gatherings such as weddings, parties and corporate events.

The DDC will most importantly act as a gateway to explore the McDowell Sonoran Preserve, as it will be directly linked to a short interpretive path to stroll into the desert or to continue on to enjoy the miles of pathways that take you deep into the desert. It will be a well-know destination for Scottsdale and in the Phoenix Metro Area as a whole.

### **Brand Development**

A destination such as the DDC will develop its core "Brand" in a process paralleling its planning and development. A starting point for describing the "core essence" or "core characteristics" of the DDC should be begun in moving later toward establishing the DDC Brand. These core essences will also inform the marketing messages to potential visitors. Simultaneously, the ultimate name of the DDC should be tested and verified as a part of the brand development. Following are initial ideas for descriptions of the DDC's core essences that have been drawn from the characteristics of the DDC, the visitor experience planning, the primary market research and the input of the creative team and the client group throughout the planning process. These might include.

- ◆ A "true" Sonoran Desert experience.
- ◆ Feel the mystery and beauty of the Sonoran Desert.
- ◆ A desert experience that informs and entertains all age groups and levels of experience with the desert.
- ◆ A world-class facility that sensitively integrates a built environment into its pristine Sonoran Desert setting.
- ◆ The best view of the McDowell Mountain Range in the Phoenix metro area
- ◆ A cool oasis in the desert.
- ◆ The authoritative interpreter of the Sonoran Desert.
- ◆ An entree to a lifetime of desert experiences.

- ◆ A great place to enjoy with family and friends.
- ◆ The best setting in Scottsdale for your special event.

A structured branding process should be undertaken as part of the ongoing project planning to distill the DDC's characteristics from a marketing perspective to focused characteristics that become the basis for project DDC publicity, marketing and advertising.

### **Market Segments and Target Audiences**

The proposed DDC is expected to attract visitors from both resident and tourist markets. Marketing channels that engage both residents and tourists will be most effective. Because many visitors to the area look to area residents for advice on things to do while visiting the area, elements of the marketing efforts should focus on a general campaign in the Phoenix Metro Area.

For tourists, DDC would not usually be a primary trip purpose for those staying overnight, and coming from more distant markets. In addition, Scottsdale and the Phoenix Metro Area as a whole receive a large number of visitors. The Scottsdale Market Area hosted 8.1 million visitors, comprised of 6.9 million (85 percent) day visitors and 1.2 million (15 percent) hotel visitors. The Phoenix Metro Area attracts approximately 15.0 million total visitors. There are plentiful tourist prospects in the local area such that marketing outside the Phoenix Metro Area should focus on publicity and building familiarity in the travel industry, rather than in major media expenditures. The available advertising dollars are better focused in-market; with "earned media" (editorial coverage opportunities, as opposed to advertising) focused on general publicity and name recognition outside of the Phoenix market.

### **Types of Visitors**

Elements of DDC's marketing should focus on targeted types of potential DDC visitors such as the following:

- ◆ Resident market families.
- ◆ Adult couples and groups from the resident market.
- ◆ Outdoor sports enthusiasts including hikers and mountain bikers.
- ◆ Tourist families.
- ◆ People visiting friends and relatives who reside in Scottsdale or elsewhere in the metro area.

- ◆ Couples and singles staying in resorts and hotels in Scottsdale and other metro area communities.
- ◆ Attendees of marquee events such as auto auctions, championship sports events etc.
- ◆ Elderly people or others who can no longer hike into the desert environment.
- ◆ School groups.
- ◆ Attendees to social and business events held at DDC.
- ◆ People using DDC's restaurant as a destination for a meal or drinks with friends.
- ◆ People using the Gateway to access the McDowell Sonoran Preserve.
- ◆ People desiring a Sonoran Desert experience during the hottest months.

### **Usage Patterns**

Related to the product offered, and available markets, usage patterns suggest that the following will be primary ways that visitors use the DDC:

- ◆ As a special outing on a weekend, holiday or while on vacation.
- ◆ As a regular part of one's leisure time routine -- this especially occurs with DDC members and volunteers.
- ◆ As part of a school group.
- ◆ With a group such as elder hostel, a church group, or Boy and Girl Scouts.
- ◆ For special programs and events such as lectures, guided hikes, new exhibit openings and so forth.
- ◆ For children's birthday parties.
- ◆ Before or after a desert hike or bike.
- ◆ To attend a business or social function.
- ◆ To have a meal or drink with friends.
- ◆ To purchase a special item at the retail store.

### **Product Pricing**

Attendance is the primary driver of Operating Revenues. Attendance levels are also an important contributor to the evaluation of mission fulfillment and public reputation. Thus, a pricing strategy that focuses on high attendance both supports mission fulfillment and supports the financial success of the DDC. A benchmark DDC adult ticket price of \$15.00 is assumed with youth tickets (ages 3-12) at \$9. In marketing the DDC, the high value to price ratio these proposed ticket prices represent will be a strong selling point. As the project moves forward and the DDC plan is refined, the

ticketing assumptions and pricing will need to be revisited along with assumptions regarding the use of “coupons” and discount admissions. The ticket prices used in the business plan are in line with the quality and value of the product offerings, the typical visitor length of stay at DDC, the experience of comparable facilities nationally, and with local area educational attractions. The results of the primary market research were also used in setting these prices. Prices in this range signal to a potential visitor that there is a major experience offered; but that the price is not too high to give pause to most potential visitors.

### **Organizational Partners**

DDC will provide experiences that are both enjoyable and educational. The conservation mission of the DDC will be advanced. Its visitors will include residents, school children and tourists. Therefore, there is a broad array of existing organizations and entities that would have common interests with DDC. These are all potential partners in programming and in marketing.

Conservation oriented organizations such as McDowell Sonoran Conservancy, Friends of Pinnacle Peak, the Audubon Society, The Nature Conservancy, Sierra Club and area Native American communities may be possible partners in marketing conservation aspects of DDC.

Nature based attractions such as the Phoenix Zoo, the Desert Botanical Garden and the Sonoran Desert Museum could create joint ticketing, programming, marketing and other strategies.

Tourism based organizations such as the Arizona Office of Tourism, the Greater Phoenix Convention and Visitors Bureau, and the Scottsdale Convention and Visitors Bureau may offer cooperative advertising opportunities, joint website placement, and other marketing opportunities. Connections to other Scottsdale leisure and entertainment oriented entities should also be explored. These might include Downtown Scottsdale, Scottsdale Center for the Arts and WestWorld of Scottsdale.

Partnerships with individual hospitality entities may be desirable. These might include tour bus packagers, Scottsdale resort properties, event planners, and hiking guides. Very importantly, the DDC should work closely with the operators of its on-site restaurant in cross promoting their audiences.

The intent in each of these relationships is to find areas of mutual interest and programs that can advance DDC's marketing effectiveness. However, care must be taken that DDC maintain its standing, foremost as an advocate for the understanding and conservation of the Sonoran Desert and the McDowell Sonoran Preserve in particular, and that extreme care be taken before entering any exclusivity arrangements.

### **Marketing Budgets**

An advertising budget of \$666,000 in current dollars is included in the DDC operating plan based on \$2.00 per attendee. This is commensurate with ticket pricing, overall marketing budget and industry best practices. This budget when leveraged with cooperative advertising and other such techniques is sufficient to maintain a strong marketing presence. In addition however, there are budgets for personnel and overhead in the marketing, membership and program areas, events coordinators, education and public program coordinators. A significant responsibility of all of these positions is public outreach. Thus, in addition to the media and sales aspects of marketing, there will be an ongoing effort toward creating events and programs that are news worthy and create opportunities for formal and informal outreach to targeted market segments. In addition, there is adequate funding in the planned operating budget, and a dedicated webmaster to maintain the DDC website as a primary marketing vehicle.

### **Design of Marketing Programs**

The marketing, advertising and public relations elements of the marketing program – during all phases – must not only describe the quality of the planned attraction, but also create excitement among residents, potential visitors, media, and potential funders, sponsors, and marketing partners.

Media and marketing design should reflect the following.

- ◆ The location, site, and accessibility must be emphasized in all media and marketing materials, and must be part of what builds community support.
- ◆ Vivid descriptions must be developed during Phase I for future programming: exhibits, festivals, events, and community uses.
- ◆ Marketing messages should appeal to as many audience segments as possible for cost-effectiveness and should be used in targeted, focused campaigns for each audience.

The DDC website will be the information portal for most people regarding a visit to the DDC and regarding its important interpretive themes. It should be well designed at inception and well

maintained to provide the public with updates on all that is happening at the DDC; and content related to DDC that draws visitors to learn more about the DDC and the desert environment it interprets.

### **Phasing of the Public Relations and Outreach Efforts**

Following is the suggested sequence for the public relations and outreach efforts.

#### **Phase I - Building Community Support Through Marketing and Public Relations**

During the planning, building and launch phases of the project, it is important for project sponsors to engage the public and build support for the overall goals of the DDC. Community leaders can use more of a public relations (or community relations) approach, directed toward the Primary and Secondary Resident markets, which is most cost-effective at this stage. It consists of the following segments.

- ◆ Additional community meetings, with advance notice via the city’s website, e-mail blasts, notes with utility mailers, city newsletter, and local/regional media outreach (newspapers, radio stations, television stations).
- ◆ Creation of a Facebook “fan” page devoted to tourism, with sections for each special area of DDC interpretation, and a section focusing on the efforts to create the DDC.
- ◆ Other “social media” activities (Twitter, MySpace – to attract younger “audience” members) as necessary and appropriate during early and mid-phases of development.
- ◆ Media training for project sponsors, city officials and those most involved in the economic development efforts in order for them to be adequately prepared to discuss the DDC and how it fits into Scottsdale’s conservation efforts and tourism development activities. This would happen after all “messages” are finalized.
- ◆ Regular media outreach and media appearances by project sponsors and city officials during each phase of the project, with a media plan designed for outreach to local, regional, state, national and international media.
- ◆ A suggested sequenced public relations strategy for the remainder of early 2011 and beyond:
  - Completion of message points, talking points, media materials, and media plan.
  - Community and leadership meeting(s) and local outreach prior to major press push to “test” message points.
  - Community buy-in is key prior to media launch.
  - E-mail and community newsletter “news blasts” prior to media push so that community is fully informed.
  - Press release and media outreach upon finalization of major planning and development phases, with outreach to local, regional, state, and national news outlets.

- Media follow-up featuring basic story points with focus on national press outlets: print, online and broadcast (Ongoing).
- Community feedback and additional outreach.
- Updates on “Facebook” and other social media outlets.
- Press conference announcing site location and details of future plans.

### **Phases II and III - Marketing and Public Relations**

Since the DDC’s cash budget for marketing/advertising buys will have constraints during initial development and later when open and operating, the recommended focus of the available dollars is to create exceptional advertising and promotional materials. Then, focus on taking advantage of other “earned media” (editorial coverage opportunities, as opposed to advertising) opportunities to spread the word about the DDC. Having superior marketing materials will be attractive to marketing partners and enhance the effectiveness of marketing and promotional materials when they receive public exposure. This will mean an aggressive “strategic communications, media relations, and PR campaign,” designed and executed by a staff person designated for this role.

Initially, this will mean staged message development as plans are refined for the DDC. Messages would be formulated as the clear vision and direction for the building of the DDC and for the role that it will play in the life of the community and the region is increasingly detailed moving forward.

When early messages are developed, they should be tested with the list of potential funders, sponsors, and marketing partners. These messages should be brief, concise, and designed to give an overview of the vision for the DDC, the costs involved in bringing it to completion, and examples of how the DDC will affect and improve the lives of those in the Community; and enhance the McDowell Sonoran Preserve and the Sonoran Desert as a whole; as well as how it will serve as an important “draw” for tourists and regional residents.

Earned media can also be built around website development, planning phases and special events in support of the DDC. In addition, the festivals and events that occur in Scottsdale must be used to their maximum advantage to market and promote the DDC in all its facets. An audience attracted for an advertised community event may not be aware of the planned DDC. Implementing a plan to directly inform and attract these people can be highly effective in building its audience and maintaining a high profile in the area.

Media materials should include:

- ◆ Fact sheet on the plans for the DDC.
- ◆ Photos of the McDowell Sonoran Preserve.
- ◆ Photos of planned area for DDC development and the design concepts to date.
- ◆ Enhanced website specific plans for DDC.
- ◆ Ties to city / DDC website.

Language and style in message development and in media materials should consider the following:

- ◆ All materials should be developed in both Spanish and English.
- ◆ All materials should also reflect the language/content on the Scottsdale city website.
- ◆ All materials should also focus on the “storylines” that will be part of the mission of the DDC: environment and ecology; conservation, celebration of the desert’s beauty, and others.
- ◆ Messages should:
  - Emphasize the future role of the DDC as an iconic destination attraction that becomes co-branded with the city of Scottsdale.
  - Reflect the critical mass and quality of attraction elements inherent in the DDC and its mission.
  - Serve resident, tourist, and other markets (funders, sponsors, marketing partners, potential exhibit producers).
  - Have “repeatability” and be open to review and adaptation as plans grow and change.
  - Advance the goal of attracting new audiences and contributing to longer stays.
  - Help foster better “word of mouth” advertising by visitors: give them phrases that are easy to summarize and repeat to others.
  - Reflect the storylines of of the DDC that will enhance the competitive position of the area and the DDC as a tourist and educational destination.
  - Emphasize the impact on quality of life for area residents (the cultural, recreational, educational, and aesthetic resources that will be enjoyed by residents as well as visitors and will inspire community pride).

Once the final plan is in place, the DDC needs to organize familiarization tours (‘fam’ tours) for local area travel agents, statewide tourism officials, CVB staff from the surrounding cities and areas where appropriate, as well as travel writers and tour packagers and operators.

### **Examples of Media Outlets**

Links to tourism-related websites are also important. There are a number of Phoenix Metro Area Tourism related websites that might be ideal for linking and cross promotion.

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Establishing strong relationships with Phoenix Metro Area media outlets will be vital to staying top of mind in the area and in providing good coverage for DDC related activities and press releases. There is a diversity of Media Outlets in the Phoenix Metro Area that are available and that should be utilized.

Local, Arizona and national media and magazines that could be targets for earned media (editorial coverage opportunities) might include: *The Arizona Republic*, *North Valley Magazine*, *Arizona Weekly*, *KKNT* news talk radio, *East Valley Tribune*, *Monthly*, *Arizona Highways Magazine*, *Arizona Foothills Magazine*, and *Conde Nast Traveler*, *Travel + Leisure Magazine*, and *Backpacker Magazine* among many others.

## **PROJECT PLANNING AND DECISION-MAKING- RECOMMENDED NEXT STEPS**

Following are recommended next steps in the development process. These may not occur sequentially. These steps should be coordinated with committee recommendations.

### **1. Fundraising Capacity**

Project leadership in conjunction with community to evaluate funding capacity (possibly with assistance of fund raising counsel):

- ◆ Investigate fund raising capacity for project development - conduct a fundraising feasibility study for initial capital contributions and for ongoing contributed support.
- ◆ Investigate ongoing operating support options from various public and private sources.

### **2. Professional Staffing**

Engage professionals to manage the subsequent planning process for the DDC.

### **3. Concept Refinement**

Refine DDC planning and design according to the design process established by Swaback Partners. This would include exhibits, visitor experience, building size and design opportunities, site plan and operations plans as well as corresponding capital costs and ongoing operating costs.

### **4. Project Leadership/ Governance Options**

Consider governance options and engage community to support DDC project.

## **5. Operating and Business Plan**

Refine on an ongoing basis the operating plan for DDC as presented herein. This would be based on refinements to the DDC plan, new information and plans for project capital and ongoing funding, and changes in the economic environment. Consider evaluating project economic impacts and community benefits.

## **6. Capital Cost Analysis**

Refine capital costs as planning moves forward.

## **7. Select Preferred DDC Scenario**

City Council and Project Leadership to choose preferred DDC governance scenario based on the refined options, economic and community benefits of the options, project capital and ongoing costs, and community resources and preferences.

## **8. Project Leadership to Engage Fundraising Counsel if not Already Engaged**

## **9. Final Planning and Construction**

Project leadership to continue to involve community and engage design team to finalize planning of the DDC:

- ◆ Hire DDC staff needed for final planning and construction phase.
- ◆ Begin and undertake capital campaign.
- ◆ Refine exhibits, building and site plans moving in subsequent phases of work to design documents.
- ◆ Refine business plan.
- ◆ Undertake approvals process.

## **10. DDC Construction**

## **11. DDC Opening**

**Appendix A**  
**DETAILED CASE STUDIES**

**Table A-1**  
**Abraham Lincoln Presidential Library and Museum**

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Facility Name and Location</b> | Abraham Lincoln Presidential Library and Museum, Springfield, Illinois                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Date Opened to Public</b>      | April, 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Governance and Operations</b>  | <p>Parent Institution: State of Illinois.</p> <p>Subsidiary Institution: Illinois Historic Preservation. Tax-exempt.</p> <p>The Abraham Lincoln Presidential Library Foundation (ALPLF) is a private, not-for-profit organization with a mission to support the exhibits and programs of the Abraham Lincoln Presidential Library and Museum (ALPLM).</p> <p>The State of Illinois owns the building and collections and pays most salaries; ALPLF recently purchased a large collection of artifacts for the museum and is in the process of repaying the loan for this.</p> |
| <b>Type of Museum</b>             | Historical Library and Museum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Mission</b>                    | The ALPLF supports the educational and cultural programming of the ALPLM. It fosters Lincoln scholarship through the acquisition and publication of documentary materials relating to Lincoln and his era, and promotes a greater appreciation of history through exhibits, conferences, publications, online services, and other activities designed to promote historical literacy.                                                                                                                                                                                         |
| <b>Site</b>                       | The Library and Museum complex covers a two square block area in downtown Springfield, Illinois, with easy access to I-55.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Facility</b>                   | <p>The Library and Museum complex consists of three primary areas; The Presidential Center Gateway at Union Station, The Presidential Museum, and The Presidential Library. The Presidential Center Gateway at Union Station is a century-old railroad station in downtown Springfield that was adapted as the tourist friendly "gateway" to the ALPLM well as to other local Lincoln attractions.</p> <p>Hellmuth, Obata and Kassabaum, Inc. (HOK) served as the primary architect and worked in conjunction with BRC Imagination Arts, exhibit designers.</p>               |
| <b>Facility Size</b>              | <p>ALPLM: 200,000 SF complex</p> <p>Museum only: 100,000 SF, with 43,000 SF of permanent exhibit space and 3,000 SF of temporary exhibit space.</p>                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Market Size</b>                | 208,182 <sup>15</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

<sup>15</sup> Source: Springfield, IL MSA 2009 population estimate. U.S. Census Bureau.

**Table A-1 (cont.)  
Abraham Lincoln Presidential Library and Museum**

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Annual Attendance</b></p>  | <ul style="list-style-type: none"> <li>◆ 2005: 600,000<sup>16</sup></li> <li>◆ 2006: 500,000</li> <li>◆ 2007: 424,000</li> <li>◆ 2008: 350,000</li> <li>◆ 2009: 410,000<sup>17</sup></li> </ul> <p>School Group Attendance:</p> <ul style="list-style-type: none"> <li>◆ 2007: More than 70,000 children and nearly 3,000 teachers were admitted free to the museum as part of school tours in.</li> <li>◆ 2008 and 2009: 25% of annual attendance is comprised of school groups.</li> </ul>                                            |
| <p><b>Attendance Trends</b></p>  | <p>The 2008 decline in attendance was addressed by increasing the marketing budget and hiring a professional marketing director. Attendance rose 17% in 2009, the bicentennial year of Lincoln's birth.</p> <p>Seasonality:</p> <ul style="list-style-type: none"> <li>◆ Summer: families, generally a younger audience</li> <li>◆ Winter, late fall: mature audience, history buffs</li> <li>◆ Winter months: slow season for the museum</li> </ul>                                                                                    |
| <p><b>Attendance Profile</b></p> | <ul style="list-style-type: none"> <li>◆ Summer: families, generally a younger audience</li> <li>◆ Winter, late fall: mature audience, history buffs</li> <li>◆ Winter months: slow season for the museum</li> </ul> <p>The museum reaches full capacity in peak months. It is working to increase winter attendance.</p> <p>Recent increase seen in local and in-state visitors; and slight decrease in national and international tourists.</p> <p>Typically not much diversity in attendees. Diversity comes from school groups.</p> |
| <p><b>Admission</b></p>          | <p>The Library has no admission charge.</p> <p>The Museum's admission fees are:</p> <ul style="list-style-type: none"> <li>◆ Adult (16 - 61 years of age): \$10.00</li> <li>◆ Senior (62 years of age and up): \$7.00</li> <li>◆ Children (5 - 15 years of age): \$4.00</li> <li>◆ Military (id required): \$7.00</li> <li>◆ Students (school/college id required): \$7.00</li> <li>◆ Child (under 5): Free</li> </ul> <p>Ticket price includes admission to the exhibit areas and both theater presentations.</p>                      |

<sup>16</sup> Museum opened April, 2005.

<sup>17</sup> Lincoln bicentennial year.

**Table A-1 (cont.)**  
**Abraham Lincoln Presidential Library and Museum**

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Hours of Operation</b>                        | Museum: 9:00 am – 5:00 pm daily (ticket sales end at 4:00 pm)<br>Café offers in-house dining (9:00 am – 4:00 pm daily)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Membership Price/Number</b>                   | <p>Prices:</p> <ul style="list-style-type: none"> <li>◆ National Associate: \$60</li> <li>◆ Basic: \$60</li> <li>◆ Family: \$75</li> <li>◆ Family Plus: \$100</li> <li>◆ Circuit Rider: \$300</li> <li>◆ Rail-splitter: \$500</li> <li>◆ President's Cabinet: \$1,000</li> <li>◆ Ambassador: \$2,500</li> <li>◆ Emancipator: \$5,000</li> <li>◆ Lincoln Society: \$10,000</li> </ul> <p>Total Number of ALPLF Memberships: 4,000 to 6,000, and increasing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Interpretive Focus and Visitor Experience</b> | <p>The Museum is a state-of-the-art facility that has many Lincoln items on permanent display. Exhibits are uniquely designed to be personal and experiential. Through technology and interactive approaches, the permanent exhibit galleries depict Abraham Lincoln's beginnings from log cabin to his end at Ford's Theater. Visitors view a reproduction of the House Chamber in the Old State Capitol and Lincoln's flag-draped casket. Exhibits use historically-accurate life size figures. Displayed to evoke emotional impact and involvement of viewer, the exhibits contain very little printed material. The Museum also houses a 250-seat multi-stage and screen presentation, and a holographic theater that brings Lincoln documents and artifacts to life. Designed by BRC Imagination Arts, the facility combines scholarship and showmanship, immersing visitors in Lincoln's world and its people and events.</p> <p>The Library is the world's premier center for Lincoln research and an important addition to American culture. Displayed documents include the 13th Amendment; Lincoln's handwritten copy of the Gettysburg Address, and the Emancipation Proclamation.</p> |

**Table A-1 (cont.)  
Abraham Lincoln Presidential Library and Museum**

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Permanent Exhibits</b> | <p>Permanent exhibits include:</p> <ul style="list-style-type: none"> <li>◆ The Plaza</li> <li>◆ The Treasures Gallery</li> <li>◆ The Illinois Gallery</li> <li>◆ Mrs. Lincoln's Attic</li> <li>◆ Journey One</li> <li>◆ The Pre-Presidential Years</li> <li>◆ The Union Theater</li> <li>◆ Live Performance Theater</li> <li>◆ Journey Two</li> <li>◆ The White House Years</li> <li>◆ Ask Mr. Lincoln</li> <li>◆ Ghosts of the Library</li> <li>◆ The Gateway</li> </ul>                                                                                                                                                                   |
| <b>Special Events</b>     | <p>2009 Bicentennial Year:</p> <ul style="list-style-type: none"> <li>◆ New Lincoln pennies were introduced at the Museum.</li> <li>◆ Hosted Abraham Lincoln Association Gala Ball at which President Obama spoke. The ball was held at a local hotel for security issues.</li> <li>◆ Another ball, The Period Ball, was a free event held at the Museum.</li> <li>◆ The museum also hosted other balls.</li> <li>◆ Reading of the Gettysburg Address with 180,000 children participating online, and several thousand in the plaza.</li> <li>◆ Custom Harley-Davidson with Lincoln memorabilia.</li> <li>◆ Other smaller events.</li> </ul> |
| <b>Education</b>          | <p>All Illinois school children receive free admission to Lincoln sites in Springfield from the State of Illinois, as part of an agreement with the state to build the museum.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Gift Shop</b>          | <p>The Museum Store is outsourced to Event Network. It is a large and successful store with many items including souvenirs, clothing, china, and books. Since the Museum opened in 2005, per capita sales have exceeded benchmarks for comparable museums. Books are especially popular because they augment the highly emotive museum experience.</p>                                                                                                                                                                                                                                                                                       |
| <b>Food Service</b>       | <p>The Café has been less successful. After outsourcing it to a local caterer, a new 3-year contract has been drawn with Subway. A new local caterer will provide catering for special events and facility rentals.</p>                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Facility Rentals</b>   | <p>Weddings and other events.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

**Table A-1 (cont.)  
Abraham Lincoln Presidential Library and Museum**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Operating Budget 2009</b>   | ALPLF Budget: \$4,653,061<br>Museum Budget: \$10,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Sources of Revenue 2009</b> | ALPLF Revenue: \$5,764,655.<br><u>Gifts by Campaign</u><br>Foundations: \$65,500<br>Annual Fund: \$39,548<br>Board: \$138,000<br>Memberships: \$380,039<br>New Charter Members: \$20,200<br>Grants: \$641,819<br>Major Giving: \$1,877,716<br>Corporations: \$2,255,787<br>Museum Revenue: \$10,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Operational Information</b> | ALPLF finished the June 30, 2009 fiscal year with a \$1,111,594 positive net change in assets. Funds derived from donations, earnings on investments and revenue from the Museum Store and Café. Expenses are dominated by interest on debt and staff and operational expenses. \$1,359,642 was also spent in direct support of the Library and Museum. Expenses relating to the acquisition of the Taper Collection impact finances. In the fiscal year ending June 30, 2009, the ALPLF expended \$955,000 in interest expenses and costs of maintaining their debt. They also made the first payment on the \$23,000,000 debt when they retired \$500,000 of the total. They plan to retire additional debt annually as revenues permit.<br><br>Total expenses for the year were \$4,653,061, while total revenue amounted to \$5,764,655. A major financial priority of the Foundation is to continue to increase contributions targeted for the purpose of retiring the debt incurred in the purchase of invaluable Lincoln artifacts.<br><br>They have seen steady growth in membership during the FY. The financial crisis of 2008 and early 2009 took its toll, but they weathered the storm well as their long-standing Investment Policy Statement restricted their equity (stock) assets to 30% of total investment assets. Currently they are at 25% equity percentage. <sup>18</sup> |
| <b>Number of Employees</b>     | <ul style="list-style-type: none"> <li>◆ Library: 30 full-time employees</li> <li>◆ Museum: 40 full-time employees; 10 to 15 seasonal employees</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Marketing</b>               | Annual marketing budget is typically in the \$50,000 to \$100,000 range. A new marketing director was hired in 2008 and the budget increased \$50,000. Bicentennial celebrations were highly publicized, and they received a grant for the bicentennial year for local TV and national spots. The ALPLM also utilize web programming and print media.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

<sup>18</sup> 2009 ALPLF Annual Report.

**Table A-1 (cont.)**  
**Abraham Lincoln Presidential Library and Museum**

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Partnerships and Accreditation</b>            | Member of the American Association of Museums.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Keys to Visitation and Operating Strategy</b> | <p>Interactive, emotionally-immersive exhibits.</p> <p>Latest technology to highlight and showcase exhibits, thus appealing to a wide audience range.</p> <p>Educational focus and research.</p> <p>Staying true to mission of interpreting Lincoln’s life, era, and presidency.</p> <p>Sense of “specialness” of place, “Land of Lincoln.”</p> <p>Privilege to view Lincoln history and artifacts in his hometown.</p> <p>Public and private support.</p> <p>Highly visible marketing strategies working within the region, state, and nation.</p> |

Source: Facility profiled, 2009 ALPLF Annual Report, 2010 AAM Directory, ConsultEcon, Inc.

**Figure A-1**  
**Abraham Lincoln Presidential Library and Museum**



Source: www.eventnetwork.com

**Figure A-2**  
**Abraham Lincoln Presidential Library and Museum**



Source: Abraham Lincoln Presidential Library and Museum

**Figure A-3**  
**Museum Store at Abraham Lincoln Presidential Library and Museum**



Source: [www.eventnetwork.com](http://www.eventnetwork.com)

**Figure A-4**  
**Exhibit at Abraham Lincoln Presidential Library and Museum**



Source: images.google.com

**Figure A-5**  
**Exhibit at Abraham Lincoln Presidential Library and Museum**



Source: images.google.com

**Table A-2**  
**Arizona-Sonora Desert Museum**

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Facility Name and Location</b> | Arizona-Sonora Desert Museum, Tucson, Arizona                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Date Opened to Public</b>      | 1952                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Governance and Operations</b>  | Private, nonprofit organization. Tax-exempt: 501 (c)(3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Type of Museum</b>             | Zoo, natural history museum and botanical garden                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Mission</b>                    | The mission of the Arizona-Sonora Desert Museum is to inspire people to live in harmony with the natural world by fostering love, appreciation, and understanding of the Sonoran Desert.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Site</b>                       | Located in suburban Tucson, off a main thoroughfare.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Facility</b>                   | The Arizona-Sonora Desert Museum is a zoo, natural history museum and botanical garden. Exhibits recreate the natural landscape of the Sonoran Desert region. Within the Museum, grounds there are more than 300 animal species and 1,200 kinds of plants. There are almost 2 miles of paths traversing 21 acres of desert. The museum is set in 100 acres of Sonoran Desert. It has both indoor and outdoor spaces and exhibits.                                                                                                                                                                                                     |
| <b>Facility Size</b>              | Interior public space: 70,000 SF<br>Interior exhibit space: 18,000 SF                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Market Size</b>                | 1,020,200 <sup>19</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Annual Attendance</b>          | 2008: 425,474 estimate<br>2009: 400,000 estimate<br>Center for Sonoran Desert Studies: <ul style="list-style-type: none"> <li>◆ Students in School Groups in 2008: 30,000</li> <li>◆ Students in School Groups in 2009: 30,000</li> <li>◆ Students in School Groups in 2010: 25,000<sup>20</sup></li> <li>◆ Total Audience Served in 2009: 43,735 (including Students in School Groups and Community Outreach Education Programs). 500 adults participated in classes, tours and trips. Audience for programming is primarily children and youth, both in on-site school groups as shown and community and youth outreach.</li> </ul> |
| <b>Attendance Trends</b>          | Attendance showed a decline in 2009, related to economic downturn and decline in tourism to Tucson. However, Desert Museum visitation has stayed ahead of Tucson's tourism decline.<br><br>The peak seasons are winter and spring, and the Museum welcomes 2,500 visitors and 200 schoolchildren on a typical spring day.                                                                                                                                                                                                                                                                                                             |

<sup>19</sup> Tucson, AZ MSA 2009 population estimate.

<sup>20</sup> Projected estimate based on winter attendance and reservations for 2010.

**Table A-2 (cont.)**  
**Arizona-Sonora Desert Museum**

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Attendance Profile</b> | <p>The museum appeals to people of all ages from young children to senior citizens. Families and mature adults are the prime audience. In the past, adults were the primary audience, but the proportion of families and children is steadily increasing. An estimated 75% of attendance is from out-of-state visitors and 25% from in-state visitors.</p> <p>Diversity:</p> <ul style="list-style-type: none"> <li>◆ School group attendance is more diverse than general attendance. However, there is concern that as school funds decline only upper-income public and private schools will be able to afford trips to the Museum. There are grants to underwrite admission fees for some schools, but districts cannot always afford busing.</li> <li>◆ A successful new offering, Summer Saturday Evenings appeal to a diverse group of residents, with special programming for the whole family, and reduced ticket prices.</li> </ul> |
| <b>Admission</b>          | <p>September – May</p> <ul style="list-style-type: none"> <li>◆ Adults: \$13.00</li> <li>◆ Children 6-12: \$4.25</li> </ul> <p>June – August</p> <ul style="list-style-type: none"> <li>◆ Adults: \$9.50</li> <li>◆ Children 6-12: \$2.25</li> <li>◆ Summer Saturday Evenings: Admissions after 4:00 p.m.: \$6.00 (\$2.25 for 6-12)</li> </ul> <p>Children 5 and under: Free<br/>Members: Free</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Hours of Operation</b> | <p>Open Daily</p> <p>October – February: 8:30 am – 5:00 pm (no entry after 4:15 pm)</p> <p>March – May: 7:30 am – 5:00 pm (no entry after 4:15 pm)</p> <p>June – August;</p> <ul style="list-style-type: none"> <li>◆ Mon-Fri: 7:30 am – 3:00 pm (no entry after 2:15 pm)</li> <li>◆ Sat: 7:30 am – 10:00 pm (no entry after 9:15 pm)</li> <li>◆ Sun: 7:30 am – 5:00 pm (no entry after 4:15 pm)</li> </ul> <p>September: 7:30 am – 5:00 pm (no entry after 4:15 pm)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

**Table A-2 (cont.)  
Arizona-Sonora Desert Museum**

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Membership Price/Number</b>                   | <p>Total Number of Memberships: 22,517</p> <p>Prices:</p> <ul style="list-style-type: none"> <li>◆ Coati Club: \$30 / \$25 to Renew. For children ages 6-12</li> <li>◆ Individual: \$40</li> <li>◆ General: \$50<sup>21</sup></li> <li>◆ Turquoise: \$150</li> <li>◆ Copper: \$300</li> <li>◆ Silver: \$600</li> <li>◆ Gold: \$1,200</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Interpretive Focus and Visitor Experience</b> | <p>The Arizona-Sonora Desert Museum displays exhibits of live animals in natural settings, while providing educational programs. At the same time, the Museum is an institution committed to researching and protecting the land, plants, and the animals of the Sonoran Desert region. About 85% of the Museum’s attractions are outside.</p> <p>Most visitors spend between 2 and 3 hours touring the Desert Museum. As the Museum continues to expand, it takes longer to see all exhibits, and thus creates impetus for repeat visitation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Permanent Exhibits</b>                        | <p>Most of their exhibits are living exhibits, which simulate natural habitats and their interrelationships of plants, animals and geology. The museum focuses on the plants, animals, minerals, and fossils that are native to the Sonoran Desert region, with a few exceptions.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Education</b>                                 | <p>Education is a museum-wide effort and coordinated through the education department. On Summer Saturdays, the Museum stays open late and hosts 5,000 attendees per evening, with many minorities and residents attending. Summer Saturdays include special programs that appeal to the whole family. An illustration of this is the live animal shows performed in the theater. The charge is reduced to \$6.00 per person for adults.</p> <p>Educational programs include:</p> <ul style="list-style-type: none"> <li>◆ Art Institute, which primarily serves adults taking art classes.</li> <li>◆ Center for Sonoran Desert Studies: Public programs serve pre-k through adult, and include summer and winter camps, teen internships, adult trips, classes and tours, school field trips, and community outreach. Scientific research, as well as education, is part of the Center, and educational programming is based on scientific research.</li> </ul> |
| <b>Gift Shop</b>                                 | <p>Two shops, Mountain House Gift Shop and Ironwood Gift Shop, offer a wide variety of merchandise from books (some from ASDM Press) and souvenirs to regional crafts, jewelry, and foods, including ASDM logo items and local Native American arts and crafts. Retail is contracted to a private concessionaire.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

<sup>21</sup> General category is basic family membership for two, with children under 17 admitted free.

**Table A-2 (cont.)**  
**Arizona-Sonora Desert Museum**

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Food Service</b></p>          | <p>Ironwood Terraces, a self-serve grill, offers a complete menu including children's items and is open every day. Special menus are available for tour groups, school groups, and special events.</p> <p>The Ocotillo Café offers formal dining, and is open seasonally for lunch in winter and for dinner on Summer Saturday Evenings.</p> <p>Phoebes Coffee Bar and the Cottonwood snack shop offer hot and cold drinks, pastries, sandwiches, ice cream and other snacks.</p> <p>Picnics: There is a small picnic area near the Museum entrance.</p> <p>Food service is contracted to a private concessionaire.</p>                                                                                                                                                                                                                                                                                                  |
| <p><b>Facility Rentals</b></p>      | <p>Private groups, banquets, event planning. Growing endeavor. Rental income is about \$45,000 annually just for rent. Renters use the Museum's concessionaire, and Museum receives 24% of revenue.</p> <p>Currently the Museum reacts to incoming calls and is just developing group sales models.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>Operating Budget 2008</b></p> | <p><u>Expenses</u></p> <p>Program Services:</p> <ul style="list-style-type: none"> <li>◆ Facilities: \$1,830,461</li> <li>◆ Visitor services: \$271,886</li> <li>◆ Summer Saturday Evenings: \$20,704</li> <li>◆ Interpretive Animal Collections: \$263,278</li> <li>◆ Botany: \$435,297</li> <li>◆ Herpetology and Invertebrate Zoology: \$461,919</li> <li>◆ Mammalogy and Ornithology: \$668,736</li> <li>◆ Publications: \$50,607</li> <li>◆ Center for Sonoran Desert Studies: \$1,573,545</li> <li>◆ Design and Planning: \$292,819</li> <li>◆ Art Institute: \$496,976</li> </ul> <p>Supporting Services:</p> <ul style="list-style-type: none"> <li>◆ Administration: \$415,980</li> <li>◆ Finance: \$511,764</li> <li>◆ Marketing: \$258,970</li> </ul> <p>Fundraising:</p> <ul style="list-style-type: none"> <li>◆ Development and Membership: \$503,483</li> </ul> <p><u>Total Expenses: \$8,056,425</u></p> |

**Table A-2 (cont.)**  
**Arizona-Sonora Desert Museum**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sources of Revenue 2008</b>        | <p><u>Revenue and Other Support</u></p> <ul style="list-style-type: none"> <li>◆ Admissions: \$2,740,159</li> <li>◆ Concessions: \$468,789</li> <li>◆ Museum food services: \$273,122</li> <li>◆ Facilities rental: \$46,638</li> <li>◆ Membership: \$1,217,902</li> <li>◆ Contributions: \$1,685,823</li> <li>◆ Grant revenue: \$101,647</li> <li>◆ Special events, net: \$83,840</li> <li>◆ Education: \$234,504</li> <li>◆ Publications: \$52,242</li> <li>◆ Net investment gain (loss) : \$(47,785)</li> <li>◆ Other: \$28,398</li> <li>◆ Support provided from designated funds: \$465,996</li> <li>◆ Net assets released from donor restrictions: \$801,760</li> </ul> <p><u>Total Revenue and Other Support: \$8,153,035</u></p>                                                                                                                                                                                                        |
| <b>Number of Employees</b>            | <p>Total staff: 122 (90 full-time, 8 part-time, and 24 additional temporary)</p> <p>Volunteers: 500 (200 docents and 300 other volunteers)</p> <p>In 1952, began with 4 employees.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Marketing</b>                      | <p>Annual marketing budget 2008: \$260,000 (similar in 2009 and 2010)</p> <p>The ASDM incorporates a mix of electronics and internet, partnerships, donated TV spots, recent marketing to Phoenix for “stay-cations.” They have \$100,000 local Tucson air-time donated per year. It has many partnerships with hotels, and 120 hotels hand out discount coupons. It also incorporates CVB promotions and family tours.</p> <p>The Museum wants to attract younger families for the long-term sustainability of the institution. They are developing new programs for children, including:</p> <ul style="list-style-type: none"> <li>◆ Running Wild: 30-second advertising promotional shown on TV.</li> <li>◆ Desert Arc: Outreach to schools. They offer free or discounted admission to children participating in the program for visitation with their families.</li> <li>◆ Butterfly Festival</li> <li>◆ Other special events</li> </ul> |
| <b>Partnerships and Accreditation</b> | <p>Accredited by the Association of Zoos and Aquariums and member of the American Association of Museums.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

**Table A-2 (cont.)**  
**Arizona-Sonora Desert Museum**

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Keys to Visitation and Operating Strategy</b> | Quality exhibits appealing to a wide audience range.<br>Interpretive programming of a distinct habitat.<br>Highly visible marketing strategies working within the region, state, and beyond.<br>Educational focus and scientific research.<br>Staying true to mission of interpreting natural history using a holistic approach.<br>Sense of “specialness” of place and privilege to be there. |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Source: Facility profiled, [www.desertmuseum.org](http://www.desertmuseum.org), 2008 Annual Report, 2010 AZA Member Directory, and ConsultEcon, Inc.

**Figure A-6**  
**Arizona-Sonora Desert Museum Entrance**



Source: [www.purpleroofs.com](http://www.purpleroofs.com)

**Figure A-7**  
**Crowning Saguaro Outdoor Exhibit at the Arizona-Sonora Desert Museum**



Source: [www.purplerooft.com](http://www.purplerooft.com)

**Figure A-8**  
**Gift Shop at the Arizona-Sonora Desert Museum**



Source: [www.purplerooft.com](http://www.purplerooft.com)

**Table A-3  
Desert Botanical Garden**

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Facility Name and Location</b> | Desert Botanical Garden, Phoenix, Arizona                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Date Opened to Public</b>      | Founded in 1937                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Governance and Operations</b>  | Incorporated nonprofit educational institution. Tax-exempt: 501 (c)(3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Type of Museum</b>             | Botanical garden                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Mission</b>                    | The Garden is committed to excellence in education, research, exhibition, and conservation of desert plants of the world with emphasis on the Southwestern United States. They will ensure that the Garden is always a compelling attraction that brings to life the many wonders of the desert.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Site</b>                       | Located in Papago Park, the Desert Botanical Garden sits on 145 acres and has more than 50,000 plants on display. Papago Park is a 1,200-acre park that includes the Phoenix Zoo, recreational facilities, hiking trails, and other amenities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Facility</b>                   | <p>The Desert Botanical Garden (DBG) hosts one of the world’s finest collections of desert plants. One of only 44 botanical gardens accredited by the American Association of Museums, the museum showcases 50 acres of beautiful outdoor exhibits. The Garden is home to 139 rare, threatened and endangered plant species from around the world, and offers unique experiences to more than 300,000 visitors each year.</p> <p>In 2002, the Garden completed a \$17 million expansion that includes a new entry and admissions area, a gift shop and sales greenhouse, and Dorrance Hall, a 400-seat reception hall and gallery. The Pulliam Research and Horticulture Center that houses the departments of horticulture, research and visitor services was also developed, as was the Desert Studies Center, which accommodates the education services department, volunteer headquarters and outdoor classrooms.</p> <p>In 2008, as part of its \$17.8 million campaign for renovation and endowment, the Garden renovated the old Cactus and Succulent houses, creating the Harrington Cactus and Succulent Galleries and the Ottosen Entry Garden. Additional projects include self-guided audio tour; in-school curriculum for Arizona teachers; scholarships for the Garden’s school field trip program in new research scientists and a new way-finding system. In 2009, the Berlin Agave Yucca Forest opened and will be followed by the refurbished Center for Desert Living Trail in 2010.</p> |
| <b>Facility Size</b>              | <p>Exterior acreage: 145 acres</p> <p>Exterior exhibit acreage: 50 acres</p> <p>Their public interior space consists of administrative areas, meeting spaces, rental spaces, and classrooms, 2 for children and 2 for adults.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Market Size</b>                | 4,364,094 <sup>22</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

<sup>22</sup> Phoenix-Mesa-Scottsdale, AZ MSA 2009 population estimate.

**Table A-3 (cont.)  
Desert Botanical Garden**

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Annual Attendance</b>  | <p>Total Attendance 2008: 369,016 (accurate)<sup>23</sup><br/>                 Stabilized Attendance: 320,000<br/> <i>Chihuly: The Nature of Glass</i> Attendance: 550,000<sup>24</sup><br/>                 Education Attendance 2008:</p> <ul style="list-style-type: none"> <li>◆ Students in School Groups: 44,379</li> <li>◆ Teacher Open House Attendance: 320</li> <li>◆ Children in On-Site Programs: 2,400</li> <li>◆ Adults in On-Site Programs: 2,000</li> <li>◆ Adults in Off-Site Programs: 600</li> </ul>                                                                                                                                                 |
| <b>Attendance Trends</b>  | <p>Attendance trends are somewhat weather dependent as the Garden is an outdoor experience. Overall, attendance has been meeting or exceeding attendance expectations.<br/>                 2009: slow in October (shoulder month) and slow in December due to cold weather.<br/>                 Seasonality:</p> <ul style="list-style-type: none"> <li>◆ Summer: Slow, except for Europeans and flashlight tours</li> <li>◆ Fall: Somewhat more attendance as weather cools</li> <li>◆ Holiday Season: Events which bring visitation</li> <li>◆ January and February: Somewhat quiet</li> <li>◆ March 1 through mid-May: High season with cactus blooming</li> </ul> |
| <b>Attendance Profile</b> | <p>Forty percent of those who visit the Desert Botanical Garden are locals, whereas sixty percent of its visitors reside outside of Maricopa County. The park has a membership program but one does not need to be a member to visit. The most common visitors are aged forty and older, with many of them being retirees. They are usually homeowners with available disposable income. Families, children, and school groups tend to visit during special exhibitions and events such as butterfly exhibits.</p>                                                                                                                                                      |

<sup>23</sup> 2008 rise in attendance reflects Chihuly exhibit attendance.

<sup>24</sup> Reflects 6-month special exhibit period.

**Table A-3 (cont.)  
Desert Botanical Garden**

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Admission</b>                                 | <p>Adults: \$15.00<sup>25</sup><br/> Seniors: \$13.50 (60 years and older)<br/> Students (13-18 and college with ID): \$7.50<br/> Children (3-12): \$5.00<br/> Children under 3 are admitted free<br/> Members: Free</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Hours of Operation</b>                        | <p>The Garden is open seven days a week, year round.<br/> Garden Seasonal Hours:</p> <ul style="list-style-type: none"> <li>◆ October – May: 8 am-8 pm</li> <li>◆ June - September: 7 am-8 pm</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Membership Price/Number</b>                   | <ul style="list-style-type: none"> <li>◆ Senita Club: One Year: \$75 Two Years: \$140</li> <li>◆ Cholla Club: One Year: \$100 Two Years: \$190</li> <li>◆ Aloe Vera Club: One Year: \$65 Two Years: \$120</li> <li>◆ Agave Century Club Membership: One Year: \$150 Two Years: \$290</li> <li>◆ Boojum Tree Club Membership: One Year: \$300 Two Years: \$590</li> <li>◆ Ocotillo Club Membership: One Year: \$500 Two Years: \$990</li> <li>◆ Golden Barrel Club Membership: One Year: \$700 Two Years: \$1,390</li> <li>◆ Saguaro Circle Membership: One Year: \$1,250 Two Years: \$2,490</li> </ul> <p>Number of Members: 20,123</p>                                                                                                            |
| <b>Interpretive Focus and Visitor Experience</b> | <p>The living collection of over 20,000 desert plants, with particular emphasis on those inhabiting the Sonoran Desert, continues to serve the public and scientific community. For the public, the collection provides pleasure for the senses and spirit, and acquaints them with the great diversity of plants in desert ecosystems, dispelling the myth that deserts are "empty wastelands." Many of these plants can be used in home or business landscaping. For scientists, the Garden's collection provides important data (locality, original collector) that accompanies the majority of plants. The Garden's extensive seed collection includes rare plants, providing a backup to the species and opportunities for further study.</p> |
| <b>Permanent Exhibits</b>                        | <p>50 acres of outdoor, living exhibits featuring all types of cactus and succulents. Exhibits provide the focus for many special events, festivals, and seasonal activities including annual events such as <i>Las Noches de las Luminarias</i> and <i>Mariposa Monarca Monarch Butterfly Exhibit</i>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                        |

<sup>25</sup> Adult admission increased from \$10.00 to \$15.00 in November 2008 when the Chihuly exhibit opened, and has remained at the higher price with no adverse effect on attendance. Ticket price for the exhibit included admission to the Garden, and admittance is timed. Tickets can be ordered online.

**Table A-3 (cont.)  
Desert Botanical Garden**

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| <p><b>Special Exhibits</b></p> | <p><i>Chihuly: The Nature of Glass</i><br/>November 22, 2008–May 31, 2009<br/>Hours: 8 am–8 pm with three timed entry periods<br/>Members: Free<br/>Non-Members: Adults \$15; Seniors \$13.50; Students (13-18 and college with ID) \$7.50; Children (3 -12) \$ 5; Children under 3 admitted free<sup>26</sup></p> <p><i>Spring Butterfly Exhibit</i><br/>Location: Marshall Butterfly Pavilion<br/>March 6 to May 9, 2010; 9:30 am-5 pm Daily<br/>The display areas feature butterfly host plants and an activity tent where participants see our scaly-winged friends up close. Additional support provided by The Fred Maytag Family Foundation.<br/>Additional Ticket required<br/>Members: Free<br/>General Public: \$3.50 with paid Garden admission</p> <p><i>Allan Houser: Tradition to Abstraction</i><br/>November 21, 2009 to May 30, 2010<br/>The Desert Botanical Garden and Heard Museum present a major exhibition of the works of Apache master sculptor Allan Houser.<br/>Joint ticket for admission to both the DBG and Heard Museum:<sup>27</sup><br/>Adults \$23<br/>Seniors \$20</p> |
| <p><b>Education</b></p>        | <p>The DBG’s educational programming for children, adults and educators promotes enjoyment, understanding, and stewardship of the Sonoran Desert. Place-based opportunities for preschoolers, in-depth camps, and service-learning teen programs are offered as resources to stimulate a connection to nature and discovery.</p> <p>Their curriculum for students blends hands-on, inquiry-based learning and is specifically designed to complement and correlate educational objectives and Arizona Academic Standards.</p> <p>Their innovative programs for adults include workshops, hikes, trips and certification classes, including their Botanical Art and Illustration School.</p> <ul style="list-style-type: none"> <li>◆ Adult Programs</li> <li>◆ Children's Programs</li> <li>◆ Field Trips for Schools and Youth Organization</li> <li>◆ Desert Landscaper School</li> </ul>                                                                                                                                                                                                               |

<sup>26</sup> Admission fee included general admission to the Garden.

<sup>27</sup> Otherwise, patrons may purchase an admission ticket at each venue. There is no additional charge for the sculpture exhibit.

**Table A-3 (cont.)  
Desert Botanical Garden**

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| <b>Gift Shop</b>                    | Garden Shop and Plant Shop. Both are operated by the Garden.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Food Service</b>                 | Desert Botanical Garden Patio Café: Located on Ullman Terrace. Open seven days a week. Garden Admission required. <ul style="list-style-type: none"> <li>◆ Patio Café Open - 8 a.m. - 4 p.m. daily</li> <li>◆ The Grill at the Patio Café - 11 a.m. - 2 p.m.</li> <li>◆ Butterfly Café - 10 a.m. - 2 p.m.</li> <li>◆ The Coffee Cart, located in front of the Garden Shop. Saturdays and Sundays from 10 am.-3 pm</li> </ul> <p>Outside caterer operates the Patio Café.</p>                                                                                                                                                                                                                                                                                                                              |
| <b>Facility Rentals</b>             | Business and social events can be held at a number of venues within the Garden. There are many options available, with rental prices ranging from \$400 to \$3,500 depending on venue, number of guests, and length of event.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Operating Budget 2007-2008</b>   | <u>Expenses</u><br>Program Expenses: \$4,392,767<br>Fundraising and Membership: \$1,240,942<br>General and Administrative: \$1,039,449<br>Retail, Marketing and Visitor Services: \$1,863,994<br><u>Total Expenses: \$8,537,152</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Sources of Revenue 2007-2008</b> | <u>Revenue</u><br>Gross Profit on Retail and Beverage Sales: \$1,443,776<br>Admissions: \$1,942,915<br>Contributions, Grants and Special Events: \$6,038,534<br>Memberships: \$1,377,352<br>Net investment gain (loss): \$(396.170)<br>Other: \$772,911<br><u>Total Revenue: \$11,179,318</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Number of Employees</b>          | Employees: 94 full-time and 33 part-time<br>Volunteers: 1,166                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Marketing</b>                    | Annual marketing budget: \$250,000 (similar in 2009 and 2010)<br>Incorporated a mix of print, TV, radio (NPR), and some outdoor advertisements. Internet advertisements have not been successful, which is potentially because the DBG has an older target audience. Still they are using both Facebook and Twitter.<br>Marketing budget for <i>Chihuly: The Nature of Glass</i> : \$500,000 (annual budget for 2008). This was a major fund raising and outreach event, not only to raise funds but also to develop new audiences. Prior to the exhibit, comparable information was gathered from other botanical gardens hosting Chihuly. Based on comparables, DBG used conservative attendance and revenue projections, and exceeded expectations in both areas, despite a challenging economic year. |

**Table A-3 (cont.)  
Desert Botanical Garden**

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Partnerships and Accreditation</b></p>            | <p>A charter member of the Museum Association of Arizona and National Center for Plant Conservation, the Garden is accredited with the American Association of Museums and American Association of Botanical Gardens and Arboreta. It continues to build on its 70-year legacy of environmental stewardship, and has become nationally and internationally known for its plant collections, research and educational programs. In 2005, it was named one of Arizona’s Treasures by then Governor Janet Napolitano. Collaborative exhibits with the Heard Museum and other institutions.</p> |
| <p><b>Keys to Visitation and Operating Strategy</b></p> | <ul style="list-style-type: none"> <li>◆ Provides an excellent visitor experience.</li> <li>◆ Open daily, 12 hours per day.</li> <li>◆ Adheres to their mission of desert plants, and research and education.</li> <li>◆ Hosts special events, festivals, programs, and exhibits.</li> <li>◆ Employs highly visible marketing strategies within the region and state.</li> </ul>                                                                                                                                                                                                            |

Source: Facility profiled, www.dbg.org, 2008 Annual Report, 2010 AAM Member Directory, ConsultEcon, Inc.

**Figure A-9  
Chihuly Exhibit at the Dessert Botanical Garden**



Source: www.dbg.org

**Figure A-10**  
**Chihuly Exhibit at the Desert Botanical Garden**



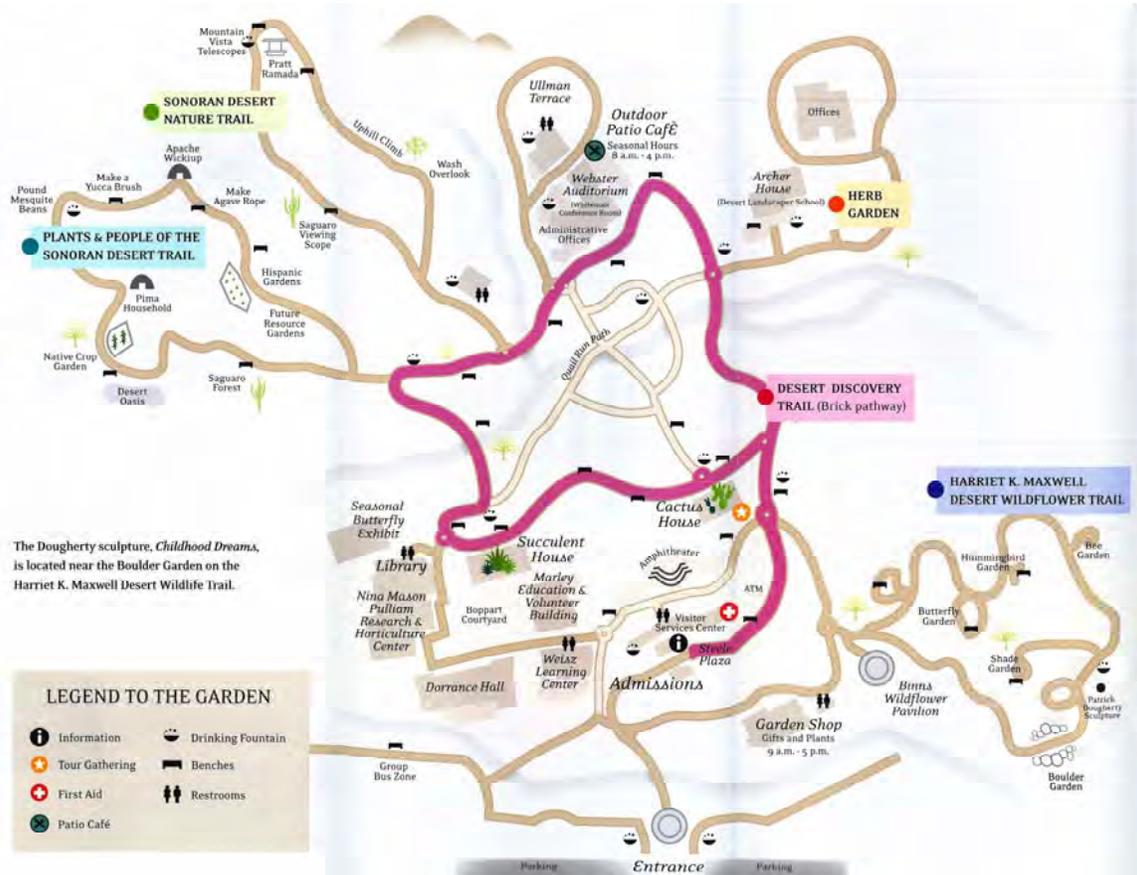
Source: [www.dbg.org](http://www.dbg.org)

**Figure A-11**  
**Exhibit at the Desert Botanical Garden**



Source: [www.dbg.org](http://www.dbg.org)

Figure A-12  
Desert Botanical Garden Trail Map



Source: Desert Botanical Garden

**Table A-4  
High Desert Museum**

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Facility Name and Location</b> | High Desert Museum, Bend, Oregon                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Date Opened to Public</b>      | The museum opened in its current location in 1982. Since 1992, a building process has doubled the museum's size, and added new exhibits, a store and café, administrative space, a library, and other infrastructure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Governance and Operations</b>  | Nonprofit organization. Tax-exempt: 501(c)(3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Type of Museum</b>             | Natural and Cultural History Museum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Mission</b>                    | Through exhibits, wildlife, and living history, the High Desert Museum creates learning experiences to help audiences discover their connection to the past, their role in the present, and their responsibility to the future.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Site</b>                       | Located 3.5 miles south of Bend, Oregon.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Facility</b>                   | <p>Set in 135 acres, the High Desert Museum's 53,000 SF main building anchors a quarter-mile trail that winds along a stream and through aspens and ponderosa pines. The facility includes indoor/outdoor spaces and exhibits, and has a gift/book shop, and full-service café.</p> <p>The Museum includes 53,000 square feet of exhibits and amenities in the main building, while paved outdoor trails wind through acres of natural exhibits and animal habitats. The museum has a substantial permanent collections inventory, but also is constantly updating exhibits or creating new exhibits. There is a mix of static exhibits and interactive exhibits – though exhibits are not 'interactive' in the high tech sense.</p> |
| <b>Facility Size</b>              | <p>Outdoor space: 135 acres</p> <p>Total interior space: 110,000 SF</p> <ul style="list-style-type: none"> <li>◆ Main building: 53,000 SF</li> <li>◆ Exhibit area: 32,000 SF</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Market Size</b>                | 158,629 <sup>28</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Annual Attendance</b>          | <p>2009 Total Attendance: 150,000</p> <p>2009 School Group Attendance and Outreach: 10,000</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

<sup>28</sup> Bend, OR MSA 2009 population estimate.

**Table A-4 (cont.)  
High Desert Museum**

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Attendance Trends</b></p>  | <p>While tourism revenue, which is vital to this area, has dropped, attendance at the Museum is up 14 percent over last year. Tickets sold out quickly for their live wolf and bat encounter programs, and attendance is increasing to their newly expanded schedule of changing exhibitions.</p> <p>The success of the Museum and its value to the region’s residents and tourists is a result of strategic steps taken by the Museum, evidenced by its ability to grow and change during the past 27 years. The Museum is proud of its unique position as a successful natural and cultural history museum 150 miles from a metropolitan area. Most museums of this size and scope are located in metropolitan areas.</p> <p>Seasonality:</p> <ul style="list-style-type: none"> <li>◆ Summer is peak visitation season.</li> <li>◆ 70% of visitors visit between May 1 and Sept. 31.</li> <li>◆ Fall and winter are popular with members and retirees.</li> <li>◆ There is a high VFR market.</li> </ul>                                                          |
| <p><b>Attendance Profile</b></p> | <p>The museum appeals to people of all ages from families to senior citizens.</p> <ul style="list-style-type: none"> <li>◆ Bend is a tourist destination. In 2006, there were 2.5 million overnight visitors to Central Oregon.<sup>29</sup></li> <li>◆ While tourism has generally slowed, drive markets remain strong. In addition to tourists, the Museum has a strong local following and repeat visitation. 20% of visitors are members. Many people in Bend are second homeowners with either their first or second home in Bend.</li> </ul> <p>Origin of Visitors:</p> <ul style="list-style-type: none"> <li>◆ Central Oregon: 25%</li> <li>◆ Rest of Oregon: 35%</li> <li>◆ Rest of the U.S.: 35%</li> <li>◆ International: 5%</li> </ul> <p>Diversity:</p> <ul style="list-style-type: none"> <li>◆ 2,500 disadvantaged families admitted free through Discovery Pass program.</li> <li>◆ 2,000 residents admitted free in a partnership program with Deschutes Public Library.</li> <li>◆ 9,000 visitors during two free days during the year.</li> </ul> |

<sup>29</sup> visitcentraloregon.com

**Table A-4 (cont.)  
High Desert Museum**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Admission</b>               | <p>Summer May 1 - October 31</p> <ul style="list-style-type: none"> <li>◆ Adult: \$15</li> <li>◆ Senior (65 plus) : \$12</li> <li>◆ Youth (ages 5-12) : \$ 9</li> <li>◆ Child (4 and under) : Free</li> </ul> <p>Winter: November 1 - April 30</p> <ul style="list-style-type: none"> <li>◆ Adult: \$10</li> <li>◆ Senior (65 plus) : \$ 9</li> <li>◆ Youth (ages 5-12) : \$ 6</li> <li>◆ Child (4 and under) : Free</li> </ul>                                                                                                                                                                                                                                                                                                                                           |
| <b>Hours of Operation</b>      | <p>Summer: 9:00 am to 5:00 pm. daily, May 1 through October 31</p> <p>Winter: 10:00 am to 4:00 pm daily, November 1 through April 30</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Membership Price/Number</b> | <p>Annual Membership:</p> <ul style="list-style-type: none"> <li>◆ Individual: \$50</li> <li>◆ Individual Plus: \$60</li> <li>◆ Family / Grandparent: \$75</li> <li>◆ Family Plus: \$120</li> </ul> <p>Silver Spurs: \$300</p> <p>Desert Sage Society Membership Levels:</p> <ul style="list-style-type: none"> <li>◆ Fellow &amp; Corporate: \$1,000</li> <li>◆ Curator's Circle: \$2,500</li> <li>◆ Museum Associate: \$5,000</li> <li>◆ President's Council: \$10,000</li> <li>◆ Founder's Center: \$25,000</li> </ul> <p>Number of Memberships:</p> <ul style="list-style-type: none"> <li>◆ Memberships under \$1,000: 4,500 memberships</li> <li>◆ Membership Donors above \$1,000: 350 memberships</li> <li>◆ Members are widespread throughout Oregon.</li> </ul> |

**Table A-4 (cont.)  
High Desert Museum**

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Interpretive Focus and Visitor Experience</b></p> | <p>The Museum’s interpretive focus is the High Desert. Visitors enjoy indoor/outdoor walk-through exhibits, including the Native American wing with artifacts and aquaria, large dioramas of the Old West, a Desertarium with live animals and natural history exhibits, riparian area, steam-powered sawmill, log cabin, and 167 live animals. The Museum offers special living history events and programs.</p> <p>Programming is aimed to provide a sense of cultural history as well as natural history. Live animal interpretations and living history demonstrations are presented regularly.</p> <p>In 2002, the museum opened the 7,400-SF Donald M. Kerr Birds of Prey Center and its featured exhibit <i>Raptors of the Desert Sky</i> displays close-up views of live raptors in natural habitats.</p> <p>The average length of visitation to see the museum 3 to 4 hours.</p>                                                                                                                                            |
| <p><b>Permanent Exhibits</b></p>                        | <ul style="list-style-type: none"> <li>◆ Wildlife</li> <li>◆ Living History, using the “I” experience and period costumes</li> <li>◆ Indoor Exhibits, with 2 permanent or long-term exhibition halls and 2 temporary spaces</li> <li>◆ Outdoor Exhibits</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b>Education</b></p>                                 | <p>Guided Discovery Tours at the Museum</p> <p>These 60-minute “private field trips” focus on a particular theme. Museum educators will guide students through a variety of activities utilizing the Museum’s exhibits as part of the themed tour.</p> <p>Available tours: \$7 per student. Maximum 20 students per tour Price includes admission to the Museum.</p> <p>Tours:</p> <ul style="list-style-type: none"> <li>◆ Technology from 17th-21st century</li> <li>◆ High Desert Wildlife</li> <li>◆ The Art of Adaptation</li> <li>◆ Animal Keeper Care</li> </ul> <p>Discovery Trunks:</p> <p>These are curriculum-based learning tools designed to enrich and enliven classroom learning through authentic materials and hands-on lessons. Trunks are pre or post-activity for the Discovery Classes.</p> <ul style="list-style-type: none"> <li>◆ Traveling the Applegate Trail</li> <li>◆ Living Off the Land</li> </ul> <p>With a Discovery Class: 2 weeks for \$15</p> <p>Without a Discovery Class: 2 weeks for \$25</p> |
| <p><b>Gift Shop</b></p>                                 | <p>Silver Sage Trading Store: Art, books, jewelry, toys, cards, ornaments, home decor and apparel themed around the high desert. The store is operated by the Museum.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

**Table A-4 (cont.)  
High Desert Museum**

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|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Food Service</b></p>     | <p>Rimrock Café: Coffee, lunch or snack. Indoor and outdoor patio seating.</p> <p>Hours:</p> <ul style="list-style-type: none"> <li>◆ Winter: 11 am - 3 pm</li> <li>◆ Summer: 10 am - 4 pm</li> </ul> <p>Admission is free to the Rimrock Café and Museum Store. Food service is currently operated by the Museum. In the past, food service was contracted to a concessionaire, but this did not work well, so the Museum took over the service. Picnic tables are in the front parking lot for picnics and school groups.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>Facility Rentals</b></p> | <p>Schnitzer Entrance Hall</p> <ul style="list-style-type: none"> <li>◆ 4,000 SF</li> <li>◆ Capacity: 500, theater or banquet style</li> <li>◆ \$2,500 includes access to indoor and outdoor exhibits</li> <li>◆ \$1,500 without access to exhibits</li> </ul> <p>Donald M. Kerr Birds of Prey Center</p> <ul style="list-style-type: none"> <li>◆ 700 SF indoors and 1,500 SF outdoor pavilion</li> <li>◆ Capacity: 50, banquet style; 150, cocktail reception</li> <li>◆ \$1,000 includes access to outdoor exhibits</li> <li>◆ Museum Meadow</li> <li>◆ 7,200 SF</li> <li>◆ Capacity: 500+</li> <li>◆ \$1,000 includes access to outdoor exhibits</li> </ul> <p>Rimrock Café Patio</p> <ul style="list-style-type: none"> <li>◆ 800 SF</li> <li>◆ Capacity: 60, banquet style; 75, cocktail reception</li> <li>◆ \$1,000 includes access to outdoor exhibits</li> </ul> <p>M.J. Murdock Education Center</p> <ul style="list-style-type: none"> <li>◆ 440–837 SF</li> <li>◆ Capacity: 75, theater style; 60, banquet style</li> <li>◆ \$200: half day (8 am to 12 pm)</li> <li>◆ \$300: full day (8 am to 5 pm)</li> </ul> |

**Table A-4 (cont.)  
High Desert Museum**

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|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Operating Budget FY 2009<br/>(year ending June 30, 2009)</b></p>   | <p><u>Expenses</u></p> <p>Program Services:</p> <ul style="list-style-type: none"> <li>◆ Exhibits: \$1,677,952</li> <li>◆ Education: \$496,038</li> <li>◆ Visitor Services: \$625,361</li> <li>◆ Communications: \$402,181</li> </ul> <p>Support Services</p> <ul style="list-style-type: none"> <li>◆ Management and General: \$232,728</li> <li>◆ Fundraising: \$537,286</li> </ul> <p><u>Total Expenses: \$3,971,546</u></p>                                                                                                                         |
| <p><b>Sources of Revenue FY 2009<br/>(year ending June 30, 2009)</b></p> | <p><u>Revenue and Other Support</u></p> <ul style="list-style-type: none"> <li>◆ Admissions: \$1,038,440</li> <li>◆ Museum Store and other sales: \$588,589</li> <li>◆ Facilities rental: \$51,447</li> <li>◆ Membership: \$336,976</li> <li>◆ Contributions: \$1,007,687</li> <li>◆ Grants: \$211,733</li> <li>◆ Education: \$31,140</li> <li>◆ Endowment earnings allocated to operations: \$63,632</li> <li>◆ Fundraising events: \$153,304</li> <li>◆ Other revenue: \$22,699</li> </ul> <p><u>Total Revenue and Other Support: \$3,503,647</u></p> |
| <p><b>Number of Employees</b></p>                                        | <p>Staff: Full-time 43, part-time 2</p> <p>Volunteers: Part-time volunteers 250, interns 7</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p><b>Marketing</b></p>                                                  | <p>Recent increases to marketing budget. 2009 marketing budget: \$402,181</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Partnerships and Accreditation</b></p>                             | <p>Member of the American Association of Museums. They work with local public schools, State Parks, Oregon Cultural Trust, and Oregon Community Foundation</p>                                                                                                                                                                                                                                                                                                                                                                                          |

**Table A-4 (cont.)  
High Desert Museum**

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Keys to Visitation and Operating Strategy</b></p> | <ul style="list-style-type: none"> <li>◆ Excellent cultural exhibits</li> <li>◆ Live animal exhibits</li> <li>◆ Changing exhibits</li> <li>◆ Marketing and promotions</li> <li>◆ Strong tourist visitation</li> <li>◆ Exhibits loaned to other museums</li> <li>◆ Facility rental program</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>Strategic Planning</b></p>                        | <p>Recent strategic planning has changed the museum’s trajectory of a 12-year decline in attendance and revenues. Previously the museum had expanded without sufficient planning resulting in a higher cost structure, and new revenues were not sufficient to meet costs. Despite the expansion, attendance continued to decrease.</p> <p>The current phase of planning has focused on more efficient operations and marketing that has reversed the trend. Specifically the Museum has hired personnel who have implemented changes in exhibitions and marketing.</p> <p>Keys to increased attendance and operations:</p> <ul style="list-style-type: none"> <li>◆ Beautiful, expanded facility</li> <li>◆ 9 new exhibits per year</li> <li>◆ Exhibits displayed for shorter amounts of time, typically 3 to 6 months</li> <li>◆ Interesting and exciting exhibits such as <i>Sin in the Sagebrush</i></li> <li>◆ Wild animal exhibits, and changing shows</li> <li>◆ Living history and role playing</li> <li>◆ More emphasis on marketing</li> </ul> |

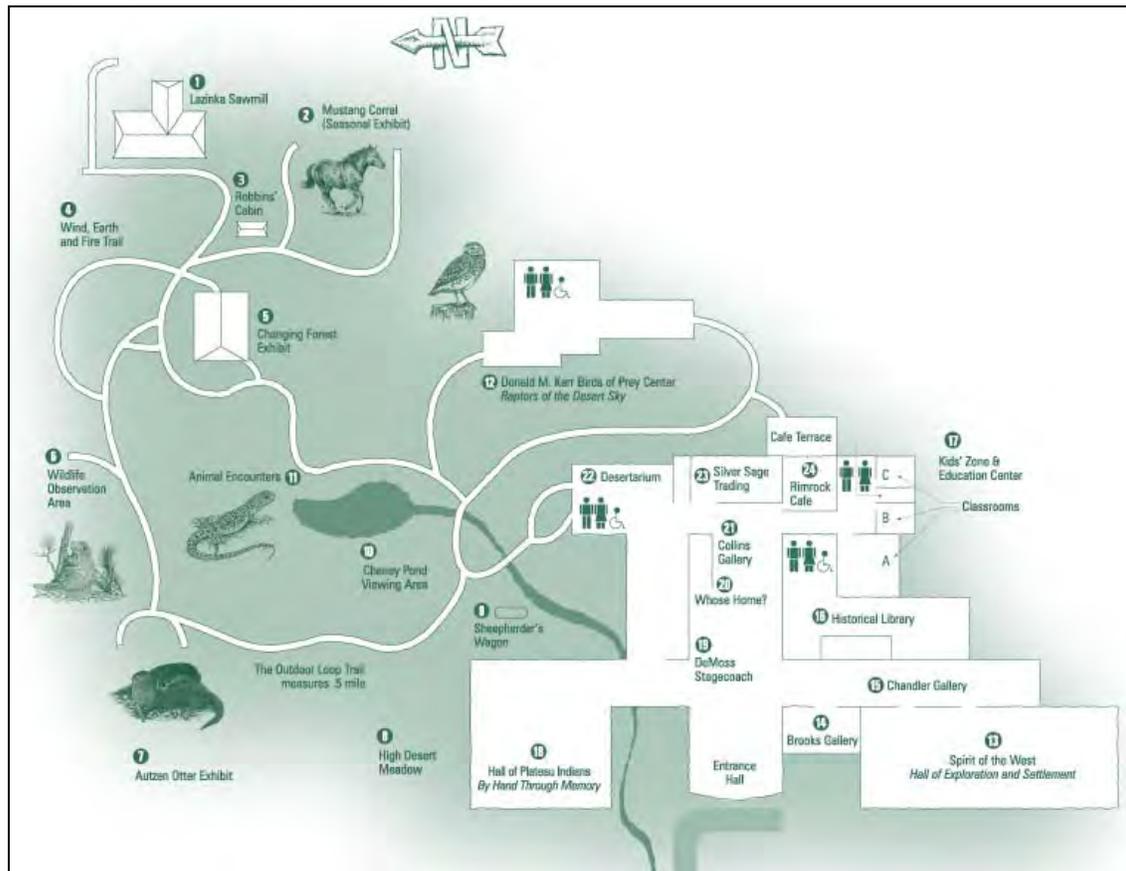
Source: Facility profiled, www.highdesertmuseum.org, 2009 Annual Report, Guidestar, 2010 AAM Guide, ConsultEcon, Inc.

**Figure A-13**  
**Entrance to Raptors of the Desert Sky at the High Desert Museum**



Source: [www.highdesertmuseum.org](http://www.highdesertmuseum.org)

**Figure A-14**  
**High Desert Museum Map**



Source: [www.highdesertmuseum.org](http://www.highdesertmuseum.org)

**Table A-5  
Las Vegas Springs Preserve**

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Facility Name and Location</b> | Las Vegas Springs Preserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Date Opened to Public</b>      | Founded in 2007, and open to the public                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Governance and Operations</b>  | Parent Institution: Springs Preserve Foundation Board, 501(c)(3), in partnership with Las Vegas Valley Water District. The Foundation was formed after opening as a fundraising entity. The Water District operates the Preserve through a Board of Trustees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Type of Museum</b>             | Historical and Cultural Complex                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Mission</b>                    | The mission of the Springs Preserve is “to inspire communities to sustain our land and embrace our culture.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Site</b>                       | The site is the original source of water for Native Americans living there, and later for travelers and settlers. It was listed on the National Register of Historic Places in 1978, and is called the “birthplace of Las Vegas.” Located off a busy highway and 5 miles from the Las Vegas Strip, the neighborhood is residential.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Facility</b>                   | The Springs Preserve is a 180-acre cultural institution designed to commemorate Las Vegas' history and to provide a vision for a sustainable future. The Preserve features museums, galleries, outdoor concerts and events, botanical gardens and an interpretive trail system that meanders through a wetland habitat. It also includes a library, 1,800-seat outdoor amphitheater, smaller garden amphitheater, indoor movie theater, outdoor children’s playground, and meeting areas. Seven buildings have LEED (Leadership in Energy and Environmental Design) Platinum status.                                                                                                                                                                                                                                                                                        |
| <b>Facility Size</b>              | <p><b>Total acreage: 180 acres</b></p> <ul style="list-style-type: none"> <li>◆ Gardens: 8 acres</li> <li>◆ Trails: 1,8 miles (2.6 miles upon completion)</li> <li>◆ Children’s Play Area: 14,336 SF</li> <li>◆ Outdoor Exhibit Space: 45,336 SF</li> </ul> <p><b>Total building space at opening: 176,000 SF</b></p> <p><b>Total building space at completion: 254,000 SF</b></p> <ul style="list-style-type: none"> <li>◆ Desert Living Center: 76,975 SF</li> <li>◆ ORIGEN Experience: 49,610 SF</li> <li>◆ Nevada State Museum (currently under construction): 78,000 SF</li> </ul> <p><b>Building space components:</b></p> <ul style="list-style-type: none"> <li>◆ Indoor Exhibit Space: 45,336 SF</li> <li>◆ Administrative: 6,080 SF</li> <li>◆ Rental Space: 7,359 SF</li> <li>◆ Classroom Space: 10,680 SF</li> <li>◆ 7 LEED Platinum Green Buildings</li> </ul> |
| <b>Market Size</b>                | 1,902,834 <sup>30</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

<sup>30</sup>. Las Vegas-Paradise, NV MSA 2009 population estimate. U.S. Census Bureau

**Table A-5 (cont.)  
Las Vegas Springs Preserve**

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Annual Attendance</b>  | <p>2008-2009 Attendance:</p> <ul style="list-style-type: none"> <li>◆ 206,142 total attendance (accurate)</li> <li>◆ 27,000 students on field trips from Clark County School District</li> <li>◆ 300 teachers in workshops</li> <li>◆ 20,000 Annual Passes sold</li> <li>◆ 8,000 visitors Ice Cream Festival</li> <li>◆ 30,000 Haunted Harvest and Winter Lights Festival (total for both events)</li> </ul> <p>2007-2008 Attendance:</p> <ul style="list-style-type: none"> <li>◆ 194,286 total attendance</li> </ul>                                                                                                                                                                                                                                                                                   |
| <b>Attendance Trends</b>  | <ul style="list-style-type: none"> <li>◆ Factors driving local attendance: Holiday events and year-round educational programming, partnerships with Clark County School District and other local educational, cultural, media and entertainment attractions.</li> <li>◆ Factors driving tourist attendance: Unique, family entertainment option within 5 miles of the Strip with Springs Café by Wolfgang Puck.</li> <li>◆ 2009-2010 attendance is projected at a 20% increase over the previous year.</li> </ul> <p>Seasonality:</p> <ul style="list-style-type: none"> <li>◆ Spring and fall are high seasons.</li> <li>◆ Summer and January-February are low seasons.</li> </ul>                                                                                                                      |
| <b>Attendance Profile</b> | <p>Las Vegas is one of the strongest tourist destinations in the U.S., as well as a growing high-population area. 10% of visitors are local and 90% are tourists.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Admission</b>          | <p>General Admission tickets include entrance to all the attractions but do not include admission to special events. Members are admitted free of charge. Access to Gardens and Trails is free; however, patrons must obtain a ticket at the ticketing window.</p> <p>Nevada Residents: Ticket Type and Cost</p> <ul style="list-style-type: none"> <li>◆ Adult: \$9.95</li> <li>◆ Senior (65+): \$8.95</li> <li>◆ Student (18+): \$8.95</li> <li>◆ Child (5-17 years): \$4.95</li> <li>◆ Child (under 5 years): No Charge</li> </ul> <p>Nonresidents: Ticket Type and Cost</p> <ul style="list-style-type: none"> <li>◆ Adult: \$18.95</li> <li>◆ Senior (65+): \$17.05</li> <li>◆ Student (18+): \$17.05</li> <li>◆ Child (5-17 years): \$10.95</li> <li>◆ Child (under 5 years): No Charge</li> </ul> |

**Table A-5 (cont.)  
Las Vegas Springs Preserve**

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Hours of Operation</b>                        | The Springs Preserve is open daily from 10 am to 6 pm.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Membership Price/Number</b>                   | <p>Membership Prices:</p> <ul style="list-style-type: none"> <li>◆ Value - Individual: \$25</li> <li>◆ Value - Family: \$60</li> <li>◆ Donor - Bronze: \$100</li> <li>◆ Donor - Silver: \$250</li> <li>◆ Donor - Gold: \$500</li> <li>◆ Donor - Platinum: \$1,000</li> </ul> <p>Total Number of Memberships: 8,000 (estimate)<br/>Annual Passes sold Sept. 1, 2008 to Sept. 1, 2009: 2,624</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Interpretive Focus and Visitor Experience</b> | <p><u>Desert Living Center</u>: Comprised of five buildings featuring interactive exhibits, classroom and meeting space, a library, art gallery and more. The Desert Living Center (DLC) is the “green” focal point of the Springs Preserve. Certified Platinum LEED by the U.S. Green Building Council, these buildings embody the Preserve’s message of sustainability.</p> <p><u>ORIGEN Experience</u>: Features</p> <ul style="list-style-type: none"> <li>◆ Big Springs Gallery and Theater</li> <li>◆ Live animal habitats</li> <li>◆ Natural Mojave Gallery</li> <li>◆ New Frontier Gallery</li> </ul> <p><u>Gardens</u>: Features</p> <ul style="list-style-type: none"> <li>◆ Cactus Gardens</li> <li>◆ Palm Oasis</li> <li>◆ Herb Garden</li> <li>◆ Rose Garden</li> <li>◆ Vegetable and Fruit Gardens</li> <li>◆ Cooking demonstrations using herbs they have grown</li> <li>◆ Enabling Garden, providing gardening options for people with physical disabilities</li> <li>◆ Areas demonstrating different types of grasses, soils, mulches and hard-scapes</li> </ul> <p><u>Trails</u>: 1.8 miles of trails that meander through 110 acres of native habitats and archaeological sites, following the footsteps of explorers, settlers, and ancient peoples.</p> |

**Table A-5 (cont.)  
Las Vegas Springs Preserve**

|                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Interpretive Focus and Visitor Experience (cont.)</b></p> | <p>Sites of Interest:</p> <ul style="list-style-type: none"> <li>◆ Rare plants and Mojave Desert wildlife</li> <li>◆ Little Spring House that once sheltered the water supply</li> <li>◆ Bird watching in the Cienega and throughout the site</li> <li>◆ Chicken coop, caretaker's house and other remnants of early settlers</li> <li>◆ Archaeological dig of pit-houses</li> <li>◆ Birthplace of Las Vegas</li> </ul> <p><u>Nevada State Museum</u>: When it opens in its new home at the Springs Preserve, the Nevada State Museum and Historical Society will become a part of the overall Preserve experience.</p> |
| <p><b>Permanent Exhibits</b></p>                                | <p>Local history, gardens, historic buildings; dozens of exhibits. 117 permanent exhibits and 2 rotating exhibits.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>Program Highlights</b></p>                                | <p>Programming is focused on enhancing the desert living experience through providing educational and cultural classes as well as significant holiday events and sustainable celebrations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p><b>Special Events and Festivals</b></p>                      | <p>Annual sustainable holiday celebrations include Haunted Harvest in October, Winter Lights Festival in December, and Star Spangled Spectacular in July. Benefit events such as Run Away with Cirque du Soleil, World Water Day, and the Ice Cream Festival are held each year. Musical and theatrical performances, gourmet food and wine events are scheduled throughout 2010.</p>                                                                                                                                                                                                                                   |
| <p><b>Education</b></p>                                         | <p>Programs for children, adults, families, teachers, and school groups include: Drip Irrigation, Desert Landscaping, Sustainable Living, Historic Las Vegas Lectures, Children's Story-time and Nature Collecting, Architecture, and Wildlife tours</p>                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>Gift Shop</b></p>                                         | <p>Springs Preserve Gift Shop</p> <ul style="list-style-type: none"> <li>◆ 4,077 SF</li> <li>◆ One-of-a kind products including educational books, games, desert-friendly plants, clothing and Preserve memorabilia.</li> <li>◆ Retail is operated by Guest Services, a division of the Preserve that operates other guest services such as admissions, security, special events programming, and facility rentals.</li> </ul>                                                                                                                                                                                          |
| <p><b>Food Service</b></p>                                      | <p>The Springs Café by Wolfgang Puck.</p> <ul style="list-style-type: none"> <li>◆ Indoor and outdoor dining.</li> <li>◆ 4,100 SF indoors, 3,000 outdoors</li> <li>◆ The Springs Café is open daily from 11 a.m. to 6 p.m.</li> <li>◆ The Café is operated by Wolfgang Puck and offers views of the Las Vegas Strip.</li> <li>◆ Catering from the restaurant is available for special events at the Preserve.</li> <li>◆ Overseen by Guest Services.</li> </ul>                                                                                                                                                         |

**Table A-5 (cont.)  
Las Vegas Springs Preserve**

|                                                  |                                                                                                                                                                                                                                                                                                                      |                     |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>Facility Rentals</b>                          | 2008-09: over 60 weddings were booked                                                                                                                                                                                                                                                                                |                     |
| <b>Operating Budget</b>                          | <b>Expenses</b>                                                                                                                                                                                                                                                                                                      | <b>2007-2008</b>    |
|                                                  | Salaries and Wages                                                                                                                                                                                                                                                                                                   | \$5,857,313         |
|                                                  | Energy                                                                                                                                                                                                                                                                                                               | \$1,994             |
|                                                  | Materials and Supplies                                                                                                                                                                                                                                                                                               | \$757,922           |
|                                                  | Maintenance and Repairs                                                                                                                                                                                                                                                                                              | \$1,682,017         |
|                                                  | Rentals and Leases                                                                                                                                                                                                                                                                                                   | \$50,406            |
|                                                  | Other Employee Expenses                                                                                                                                                                                                                                                                                              | \$116,948           |
|                                                  | Other Operating Expenses                                                                                                                                                                                                                                                                                             | \$3,714,996         |
|                                                  | <b>Total</b>                                                                                                                                                                                                                                                                                                         | <b>\$12,181,597</b> |
| <b>Sources of Revenue</b>                        | <b>Revenue and Other Support</b>                                                                                                                                                                                                                                                                                     | <b>2007-2008</b>    |
|                                                  | Annual Admissions/Other Income                                                                                                                                                                                                                                                                                       | \$1,569,022         |
|                                                  | Fundraising/Grants                                                                                                                                                                                                                                                                                                   | \$126,353           |
|                                                  | LVVWD Partner Contribution                                                                                                                                                                                                                                                                                           | \$10,507,059        |
|                                                  | <b>Total Revenue and Other Support</b>                                                                                                                                                                                                                                                                               | <b>\$12,202,434</b> |
| <b>Building Costs</b>                            | Built at a cost of over \$250 million.                                                                                                                                                                                                                                                                               |                     |
| <b>Number of Employees</b>                       | There were 89 full-time equivalent employees in 2009. Staff is supplemented with 220 volunteers.                                                                                                                                                                                                                     |                     |
| <b>Marketing</b>                                 | Increased marketing focus with full time marketing director and assistant.                                                                                                                                                                                                                                           |                     |
| <b>Partnerships and Accreditation</b>            | Member of the American Association of Museums. LEED-certified buildings.                                                                                                                                                                                                                                             |                     |
| <b>Keys to Visitation and Operating Strategy</b> | <ul style="list-style-type: none"> <li>◆ Marketing.</li> <li>◆ Programming that gives visitors new reasons to return.</li> <li>◆ Festivals and events that increase demography.</li> <li>◆ More accessibility through reduced prices for residents.</li> <li>◆ Staff reduction of 18%, and cost controls.</li> </ul> |                     |

Source: Facility profiled, www.springspreserve.org, 2010 AAM Guide ConsultEcon, Inc.

**Figure A-15**  
**Las Vegas Springs Preserve Lobby**



Source: [www.springspreserve.com](http://www.springspreserve.com)

**Figure A-16**  
**Las Vegas Springs Preserve Café**



Source: [www.springspreserve.com](http://www.springspreserve.com)

**Figure A-17**  
**Desert Living Center at the Las Vegas Springs Preserve**



Source: [www.springspreserve.com](http://www.springspreserve.com)

**Figure A-18**  
**Living Collection at the Las Vegas Springs Preserve**



Source: [www.springspreserve.com](http://www.springspreserve.com)

**Table A-6  
Living Desert**

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Facility Name and Location</b>    | Living Desert, Palm Desert, California                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Date Opened to Public</b>         | The Living Desert was established in 1970.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Governance and Operations</b>     | Private, nonprofit organization. Tax-exempt: 501 ©(3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Type of Museum</b>                | Park, Natural History Center, Gardens, Zoo                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Mission</b>                       | The Living Desert's mission is desert conservation through preservation, education and appreciation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Site</b>                          | Located in the Coachella Valley                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Facility</b>                      | A large campus with both indoor and outdoor areas includes Chase Gallery and Reception Area, Hoover Education Center and Discovery Room, Wildlife Hospital and Conservation Center, Village WaTuTu and District Commissioner's House, aviaries, butterfly house, amphitheater, children's play park and picnic area, cafés, gift shops, and an administrative complex. The facility has developed over time with many additions and changes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Facility Size</b>                 | A large facility with many types of indoor and outdoor spaces developed over time. <ul style="list-style-type: none"> <li>◆ 1,800 acres, with 1,000 acres remaining in their natural state.</li> <li>◆ 200 developed acres.</li> <li>◆ 1,200 SF Discovery Room that will be enlarged to 3,600 SF Children's Discovery Center.</li> <li>◆ 700 parking spaces for cars; 14 for buses.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Market Size</b>                   | 4,143,113 <sup>31</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Annual Attendance</b>             | 2008-2009: 325,000 combined daily attendance and special events, including 8,040 visitors through guided and unguided group sales. 6% increase projected for 2009-2010.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Attendance Profile and Trends</b> | The Living Desert appeals to all age groups. There are wilderness trails for fitness walking that are popular with adults. Live animals are popular with children and families.<br><br>Estimated that 60% of visitors are tourists and 40% are residents. <sup>32</sup> In the past, there have been more tourists than residents. Current visitor information indicates this may be changing, and there is a trend toward more residents and families. Coachella Valley residents, both full-time and seasonal, tend to support attractions in their own community, and may not travel to adjoining communities. <ul style="list-style-type: none"> <li>◆ Drive-markets have been strong from L.A. and San Diego.</li> <li>◆ Coachella Valley is reported as having 2 million visitors per year. German and British tourists visit in summer, and their visitation remains strong.</li> </ul> Seasonality:<br><br>Winter/Spring is the peak season. The facility starts to get busy at the end of November |

<sup>31</sup> Riverside-San Bernardino-Ontario, CA MSA 2009 population estimate. U.S. Census Bureau.

<sup>32</sup> Resident is defined by the Living Desert as "within one-hour drive."

**Table A-6 (cont.)  
Living Desert**

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Admission</b>                                 | <p>General Admission \$12.50<br/>Seniors (62+) \$11.00<br/>Military \$11.00<br/>Children (Ages 3 - 12) \$7.50<br/>Children under 3 Free</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Hours of Operation</b>                        | <p>Peak Season Hours:</p> <ul style="list-style-type: none"> <li>◆ Open every day October 1 to May 31</li> <li>◆ 9:00 am to 5:00 pm</li> <li>◆ Last admission at 4:00 pm.</li> </ul> <p>Summer Hours:</p> <ul style="list-style-type: none"> <li>◆ Open every day June 1 to September 30</li> <li>◆ 8:00 am to 1:30 pm</li> <li>◆ Last admission at 1:00 pm</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Membership Price/Number</b>                   | <p>Prices:</p> <ul style="list-style-type: none"> <li>◆ Individual: \$45</li> <li>◆ Dual: \$65</li> <li>◆ General: \$75</li> <li>◆ Contribution: \$100</li> <li>◆ Supporting: \$135</li> <li>◆ Donor: \$250</li> <li>◆ Sustaining: \$500</li> <li>◆ Curator's Circle: \$1,000</li> <li>◆ Director's Circle: \$2,500</li> <li>◆ President's Circle: \$5,000</li> </ul> <p>Total Number of Memberships: 14,500<br/>Life Members: 1,000</p>                                                                                                                                                                                                                                                                                                                                                 |
| <b>Interpretive Focus and Visitor Experience</b> | <p>The Living Desert focuses on the deserts of the world, and plants and animals are viewed in naturalistic settings. The indoor/outdoor campus is planned as a journey through the deserts of the world and features 2 main areas: North American Colorado Desert animals and plants, and African savanna animals and village life. There is a winding path connecting exhibits and attractions. After entry, visitors view North American section, the more exotic African section, and also aviaries, a model train exhibit, and other exhibits.</p> <p>Grown and developed over time, the facilities lack a cohesive message. While the Living Desert has many interesting exhibits, it appears somewhat cobbled together and outdated. They are looking toward future planning.</p> |

**Table A-6 (cont.)  
Living Desert**

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Permanent Exhibits</b></p> | <ul style="list-style-type: none"> <li>◆ Live animal exhibits from African and North America</li> <li>◆ Eagle Canyon, an exhibit of desert animals</li> <li>◆ Village WaTuTu, an authentic replica of a village found in northeast Africa with African animals</li> <li>◆ Warthog Exhibit</li> <li>◆ Savanna exhibit housing reticulated giraffe and ostrich</li> <li>◆ Fanciful Fliers, a 3,000 square foot walk-through exhibit filled with butterflies and a hummingbirds within a garden setting</li> <li>◆ "G-scale" train</li> <li>◆ Amazing Amphibians: Frogs on the Edge! at Eagle Canyon</li> <li>◆ Demonstration Garden</li> </ul>                                                                                                                          |
| <p><b>Special Events</b></p>     | <p>Howl-O-Ween, WildLights, and Earth Day</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p><b>Education</b></p>          | <ul style="list-style-type: none"> <li>◆ School groups on-site and outreach: variety of programs from Pre-K through 7th grade aligned to meet California State Curriculum Standards and the Living Desert's mission.</li> <li>◆ Family Programs and Camps with emphasis on animals and adventure.</li> <li>◆ Adult Programs through Living Desert University (environmental education) and lectures.</li> <li>◆ Wildlife Shows</li> <li>◆ Travel Programs</li> <li>◆ Volunteer Programs for teens and adults.</li> <li>◆ Breakfast Walks</li> <li>◆ Mojave Max Emergence Contest</li> </ul>                                                                                                                                                                           |
| <p><b>Gift Shop</b></p>          | <p>Shops:</p> <ul style="list-style-type: none"> <li>◆ The Plaza Gift Shop offers books, designer jewelry, apparel, art and souvenir items.</li> <li>◆ Kumbu Kumbu Market is located in Village WaTuTu, offering African-theme souvenirs and clothing.</li> <li>◆ Palo Verde Garden Center offers, in season, the most complete collection of Southwest native and desert adapted plants in the region. Many of the plants may not be found elsewhere. Also available is a comprehensive collection of regionally appropriate desert garden books, specially selected pottery, garden accessories, and gifts. Two plant sales per year with increased discounts, 1 weekend each in spring and fall.</li> </ul> <p>Gift shops are contracted to an outside vendor.</p> |

**Table A-6 (cont.)  
Living Desert**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Food Service</b></p>     | <p>Dining Options:</p> <ul style="list-style-type: none"> <li>◆ Thorn Tree Grill located in Village WaTuTu. This patio restaurant serves American cuisine and cold refreshments including beer.</li> <li>◆ Meerkat Café’s menu selection includes sandwiches, salads, beverages and desserts.</li> <li>◆ They also have limited picnic areas for visitors who may choose to bring their own food.</li> </ul> <p>Food service is contracted to an outside vendor.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>Facility Rentals</b></p> | <p>Private groups, banquets, events, weddings:</p> <ul style="list-style-type: none"> <li>◆ Group Guided Tours and Animal Shows: \$100 to \$600 depending on activity and size of group.</li> </ul> <p>Special Packages:</p> <ul style="list-style-type: none"> <li>◆ Journey Into Africa Tour and Luncheon<br/>Rates: \$70/person buffet-style; \$80/person plated. Rates include 2-hour day rental of District Commissioner's House, catering, service charge, tour, and basic rentals. Sales tax is not included. 20 - 50 guests.</li> <li>◆ Lattes with Leopards<br/>Rates: \$60/person for Continental Breakfast, \$75/person for brunch. Rates include 2-hour day rental of District Commissioner's House, catering, service charge, one event Coordinator, tour, and basic rentals. Sales tax is not included. 20 - 50 guests.</li> <li>◆ Savanna at Sundown<br/>Rates: Savanna Only: \$25/person. Tour &amp; Savanna: \$40/person. Rates include private use of Giraffe Savanna, beverages, service charge, one event coordinator, tour (if selected) and basic rentals. Sales tax is not included. Minimum 15 guests.</li> </ul> |

**Table A-6 (cont.)  
Living Desert**

| Operating Budget             | <u>Expenses</u>                                                                                                                                                                                                                                                                                                                            | <u>2009<sup>33</sup></u> | <u>2008<sup>34</sup></u> |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
|                              | <b>Program Expenses</b>                                                                                                                                                                                                                                                                                                                    |                          |                          |
|                              | Zoological and botanical                                                                                                                                                                                                                                                                                                                   | 1,535,908                | 1,720,057                |
|                              | Education and graphics                                                                                                                                                                                                                                                                                                                     | 1,126,360                | 1,243,409                |
|                              | Membership                                                                                                                                                                                                                                                                                                                                 | 236,308                  | 331,000                  |
|                              | Guest service expenses                                                                                                                                                                                                                                                                                                                     | 452,115                  | 353,204                  |
|                              | <b>Supporting Services</b>                                                                                                                                                                                                                                                                                                                 |                          |                          |
|                              | Administrative                                                                                                                                                                                                                                                                                                                             | 1,358,052                | 1,374,656                |
|                              | Repairs and Maintenance                                                                                                                                                                                                                                                                                                                    | 546,751                  | 641,291                  |
|                              | General operating                                                                                                                                                                                                                                                                                                                          | 1,716,326                | 1,558,049                |
|                              | Fund-raising                                                                                                                                                                                                                                                                                                                               | 631,358                  | 834,557                  |
|                              | Depreciation                                                                                                                                                                                                                                                                                                                               | 1,485,157                | 1,345,969                |
|                              | <b>Total Unrestricted Expenses</b>                                                                                                                                                                                                                                                                                                         | <b>9,088,335</b>         | <b>9,402,192</b>         |
| Sources of Revenue           | <u>Revenue</u>                                                                                                                                                                                                                                                                                                                             | <u>2009</u>              | <u>2008</u>              |
|                              | Admissions                                                                                                                                                                                                                                                                                                                                 | \$1,911,039              | \$2,135,510              |
|                              | Contributions                                                                                                                                                                                                                                                                                                                              | 1,379,751                | 1,885,910                |
|                              | Guest services income                                                                                                                                                                                                                                                                                                                      | 684,686                  | 502,181                  |
|                              | Membership                                                                                                                                                                                                                                                                                                                                 | 1,125,105                | 1,260,535                |
|                              | Rental and investment income (loss)                                                                                                                                                                                                                                                                                                        | 631,717                  | 1,068,756                |
|                              | Endowment distribution                                                                                                                                                                                                                                                                                                                     | 0                        | 0                        |
|                              | Education programs                                                                                                                                                                                                                                                                                                                         | 346,088                  | 360,920                  |
|                              | Benefits and events                                                                                                                                                                                                                                                                                                                        | 1,177,082                | 1,272,373                |
|                              | Net unrealized gain (loss) on investments                                                                                                                                                                                                                                                                                                  | (955,069)                | (379,888)                |
|                              | Net assets released from donor restrictions                                                                                                                                                                                                                                                                                                | 982,094                  | 4,484,872                |
|                              | <b>Total Unrestricted Support &amp; Revenue</b>                                                                                                                                                                                                                                                                                            | <b>7,282,494</b>         | <b>12,591,169</b>        |
| <b>Operating Information</b> | 2008-2009 FY: Attendance and membership dropped 6%, and senior staff took 5% pay cuts. The Living Desert attendance, membership and revenue declines were on par with other nonprofits in the area, and also with businesses. The park is in the process of building a \$20 million endowment fund, and reassessing visitation strategies. |                          |                          |
| <b>Number of Employees</b>   | Staff: 95 full-time, 28 part-time, and 6 additional temporary<br>Volunteers: 500 to 600<br>In 1970, began with 1 employee.                                                                                                                                                                                                                 |                          |                          |

<sup>33</sup> FY 2009 ended June 30, 2009

<sup>34</sup> FY 2008 ended June 30, 2008

**Table A-6 (cont.)  
Living Desert**

|                                                  |                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Marketing</b>                                 | 2009 fundraising budget was \$630,000. Limited budget is available for advertising.<br>Mix of TV, radio, and print advertising. Rack cards in hotels and tourist spots that look for information on what do to in the valley. They have two big events in the high season, Halloween weekend and Party for the Planet.                        |
| <b>Partnerships and Accreditation</b>            | Accredited by the Association of Zoos and Aquarium, World Association of Zoos and Aquariums, and American Public Gardens Association                                                                                                                                                                                                          |
| <b>Keys to Visitation and Operating Strategy</b> | <ul style="list-style-type: none"> <li>◆ Special events, exhibits and programs.</li> <li>◆ Live animals and Wildlife Program</li> <li>◆ Model train garden</li> <li>◆ Natural desert habitat</li> <li>◆ Walking and hiking trails.</li> <li>◆ Successful plant nursery and garden center</li> <li>◆ Looking toward future planning</li> </ul> |

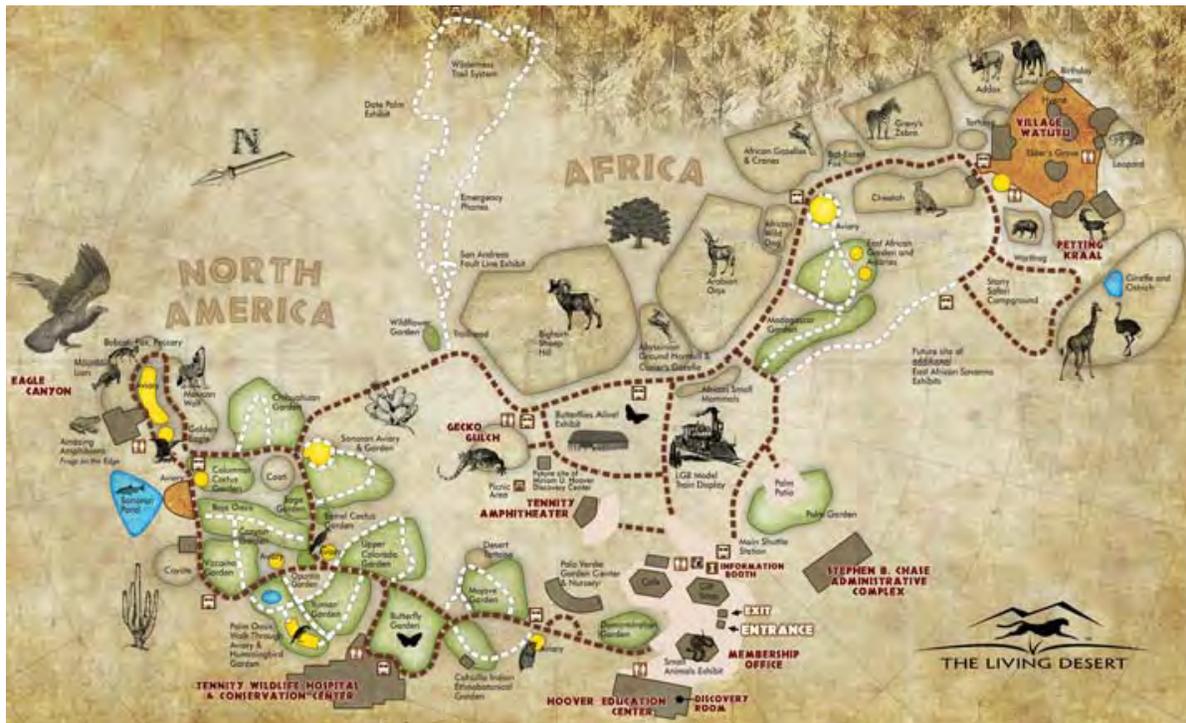
Source: Facility profiled, www.livingdesert.org, 2008-2009 Annual Report, 2010 AZA Member Directory, ConsultEcon, Inc.

Figure A-19  
Village WaTuTu Gift Shop at The Living Desert



Source: www.livingdesert.org

Figure A-20  
The Living Desert Map



Source: www.livingdesert.org

**Table A-7**  
**Wild Center: Natural History Museum of the Adirondacks**

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Facility Name and Location</b>             | Wild Center: Natural History Museum of the Adirondacks, Tupper Lake, New York                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Date Opened to Public</b>                  | Founded in 1998; new facility opened to the public July 2006                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Governance and Operations</b>              | Private, not-for-profit organization overseen by the Museum's Board of Trustees with the assistance of its Advisory Board. Tax-exempt: 501(c)(3).                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Type of Museum</b>                         | Natural History Museum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Mission</b>                                | The mission is to inspire an enduring passion for the Adirondacks where people and nature can thrive together and set an example for the world.                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>History</b>                                | In February 1999, the then named Natural History Museum of the Adirondacks became an official organization when the New York State Board of Regents approved the Museum's Provisional Charter and new governance structure, giving it formal legal status. The voters of Tupper Lake elected to donate a 31-acre site along the Raquette River to house the Museum. The Wild Center was designed by architectural firm Hellmuth, Obata + Kassabaum. The Wild Center officially opened on July 4, 2006.                                                                        |
| <b>Site</b>                                   | The Museum is located on a 31-acre site in the Town of Tupper Lake, NY near the geographic center of the Adirondack Park. The Museum is located on a main road within the park, and the visitor center looks out on a small pond.                                                                                                                                                                                                                                                                                                                                             |
| <b>Facility</b>                               | The museum building is a LEED Silver building and sits on a 3-acre pond. It includes a number of features that mix the indoors and outdoors, including a river flowing around the inside of the museum's main Hall of the Adirondacks, wetlands exhibit connecting directly through a giant glass window to a living marsh outside, indoor waterfall, towering glacial ice wall, high-definition interactive films, a wide-screen theater, and indoor trail leading from an Adirondack Lean-to in the Museum's Great Hall to a replica of the summit of a mile-high mountain. |
| <b>Facility Size</b>                          | 31-acre campus: <ul style="list-style-type: none"> <li>◆ 54,000 SF building</li> <li>◆ 13,000 SF interior exhibit space</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Market Size</b>                            | 50,274 <sup>35</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Annual Attendance</b>                      | <ul style="list-style-type: none"> <li>◆ First year attendance an estimated 105,000</li> <li>◆ Stabilized attendance an estimated 92,000 to 100,000</li> <li>◆ Estimated number of students in school groups: 6,000 to 8,000</li> </ul>                                                                                                                                                                                                                                                                                                                                       |
| <b>Attendance Trends and Audience Profile</b> | <ul style="list-style-type: none"> <li>◆ Summer is peak visitation time from Memorial Day to Labor Day.</li> <li>◆ Slight decline in attendance due to economy, but not as bad as other attractions in the region.</li> <li>◆ School groups attend year-round; May is the busiest month.</li> </ul>                                                                                                                                                                                                                                                                           |

<sup>35</sup> Franklin County, NY 2009 population estimate. U.S. Census Bureau

**Table A-7 (cont.)**  
**Wild Center: Natural History Museum of the Adirondacks**

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Admission</b>                                 | <p>Adults (15 - 64): \$15.00</p> <p>Youth Ticket (4 - 14): \$9.00</p> <p>Senior (65 +): \$13.00</p> <p>Children 3 and under: Free</p> <p>Members: Free</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Hours of Operation</b>                        | <p>Summer &amp; Fall</p> <ul style="list-style-type: none"> <li>◆ Labor Day to October 31 - 10 am - 5 pm, 7 days a week</li> <li>◆ Memorial Day - Labor Day - 10 am - 6 pm, 7 days a week</li> </ul> <p>Winter &amp; Spring</p> <ul style="list-style-type: none"> <li>◆ November 1 - Memorial Day: Friday, Saturday, Sunday 10 am - 5 pm.</li> <li>◆ Open Presidents' Week and Martin Luther King Day</li> <li>◆ Closed Thanksgiving Day, Christmas Day and New Year's Day</li> <li>◆ Special Holiday Hours: December 26 - December 31 - 10 am -5 pm</li> <li>◆ Closed month of April for exhibit installations</li> </ul> |
| <b>Membership Price/Number</b>                   | <ul style="list-style-type: none"> <li>◆ Memberships for individuals start at \$45 and include free admission for 1 year.</li> <li>◆ Memberships for families start at \$85 and include free admission for 1 or 2 named adults and their children through age 18.</li> </ul> <p>Total Number of Memberships: 5,000</p>                                                                                                                                                                                                                                                                                                      |
| <b>Interpretive Focus and Visitor Experience</b> | <p>This new Center, dedicated to understanding the Adirondack region, is committed to helping people explore the entire expanse of the Adirondacks.</p> <p>The Wild Center is science-based, and its experiences, exhibits and programs are designed to open new ways to look into the latest discoveries made by natural scientists.</p> <p>The average visitor spends two to three hours at the Museum. There are walking trails, naturalist guides, movies, live exhibits including hundreds of live animals, live otters, and information about the natural world and the Adirondacks.</p>                              |
| <b>Permanent Exhibits</b>                        | <p>Most of their exhibits are living exhibits, which simulate natural habitats and the interrelationship of plants, animals and geology. The museum focuses on the plants and animals that are native to the Adirondack region, and on sustainability and environmental issues.</p>                                                                                                                                                                                                                                                                                                                                         |

**Table A-7 (cont.)**  
**Wild Center: Natural History Museum of the Adirondacks**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Education</b></p>        | <p>Programs for people of all ages, and school groups.</p> <p>Regular Museum School Group Visit:</p> <p>School groups tour the Museum on their own as long as they have 1 chaperone for every 10 students. Must call in advance to schedule their visit.</p> <p>Wild Classroom Programs 2010:</p> <p>The Wild Classroom is the Museum's education program, focused on helping students develop the skills to better understand the natural world.</p> <p>There are three different Wild Classroom options that can be combined in varied ways on a field trip:</p> <ol style="list-style-type: none"> <li>1. Wild Classroom Focus</li> <li>2. Wild Classroom Stations (Stations may include Animal Encounters)</li> <li>3. Wild Classroom Animal Encounters</li> </ol> <p>Wild Classroom programs meet state standards in New York.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>Gift Shop</b></p>        | <p>Wild Supply Company: Local products and vendors. Sustainability-themed. Operated by Wild Center.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>Food Service</b></p>     | <p>Waterside Café: Try to serve in local produce in season. Light meals are served. Formerly operated by vendor from Saranac Lake, but due to distances and rural setting, museum took it over operation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>Facility Rentals</b></p> | <p>Weddings, meetings, conventions, groups, and special events:</p> <ul style="list-style-type: none"> <li>◆ <b>Hutchens Conference Room</b> seats 30 for Board table style meetings; 50 for theater style. Projector and installed screen available for presentations.</li> <li>◆ <b>Flammer Theater</b> seats 165. The theater provides state of the art audio visual and sound equipment for presentations.</li> <li>◆ <b>Big Wolf Great Hall</b> is available for weddings, dinners, galas, concerts, receptions and meetings after public hours. The hall can seat 150 at tables with expansion room towards the exhibits. The Great Hall provides an area for dancing when desired.</li> <li>◆ <b>Blue Pond Tent and Esplanade.</b> Overlooking Blue Pond, the tent has a seating capacity of more than 150 at tables. The tent and Esplanade terrace is available for picnics, parties, and other gatherings. Side walls and heat are available when weather requires. Power and lights are available.</li> <li>◆ <b>Hall of the Adirondacks</b> and other exhibit areas may be rented for events after public hours.</li> <li>◆ <b>The Waterside Café</b> at The Wild Center will provide catering for special events with a wide variety of menus, depending on the event. A preferred caterer list is also available.</li> </ul> <p>In addition, The Wild Center also offers <b>outdoor areas</b> for rental.</p> |
| <p><b>Other Programs</b></p>   | <p>Farmers' Market:</p> <p style="padding-left: 40px;">Every Thursday, late June through late September. Set up in the Esplanade Tent—a seasonal structure put up in summer for special events.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

**Table A-7 (cont.)**  
**Wild Center: Natural History Museum of the Adirondacks**

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Operating Budget 2008</b>           | <u>Total Expenses</u><br>\$4,0675,521                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Sources of Revenue 2008</b>         | <u>Revenue from Earned Income</u><br>Admissions: \$789,584<br>Conference Sponsorship: \$469,733<br>Museum food services: \$92,231<br>Facilities rental: \$45,195<br>Education programs: \$2,725<br>Investments: \$29,510<br>Retail: \$425,954<br>Less cost of goods sold: \$229,796<br>Net retail: \$196,158<br><u>Revenue from Unearned Income</u><br>Membership dues: \$346,268<br>Grant revenue: \$6,250<br>All other contributions, gifts and grants: \$2,865,373<br><u>Total Income: \$4,843,395</u> |
| <b>Operational Information</b>         | <u>Summary History—Revenues 1999-2007</u><br>Wild Center raised \$40.7 million in 9 years<br>Government grants of \$16.2 million accounted for about 40% of amount raised<br>Capital and unrestricted contribution of \$14 million accounted for 34% of total raised.<br>Future plans were for admissions, memberships, and merchandise sales to account for an increasing proportion of revenues after opening the Center in 2006.                                                                       |
| <b>Number of Employees</b>             | 35 full-time; 15 part-time; 150 volunteers (peaks in summer season)                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Marketing</b>                       | 2010 marketing budget: \$275,000<br>Marketing in state and region. Joint ticketing with ski area. Partnership with Big Tupper Ski Area. More online marketing, and joint efforts with area CVB's and other attractions. Trying to pinpoint marketing more specifically to areas where it will be the most effective. Marketing budget reduced from 2009 due to budget constraints.                                                                                                                        |
| <b>Partnerships and Accreditations</b> | Silver LEED Certification<br>Biannual Newsletter: <i>The Otter</i><br>Member of the American Association of Museums and Association of Science and Technology Centers                                                                                                                                                                                                                                                                                                                                     |

**Table A-7 (cont.)**  
**Wild Center: Natural History Museum of the Adirondacks**

|                                                  |                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Keys to Visitation and Operating Strategy</b> | <ul style="list-style-type: none"><li>◆ Maintain beautiful natural setting.</li><li>◆ Develop highly engaging, hands-on exhibits, including the use of live animals.</li><li>◆ Focus on a specific image-able place., the Adirondack Mountains</li><li>◆ Focus on sustainability and conservation of natural resources.</li><li>◆ Promote as a community resource.</li></ul> |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Source: Facility profiled, [www.wildcenter.org](http://www.wildcenter.org), Guidestar, 2010 AAM Directory, ConsultEcon, Inc.

**Figure A-21**  
**The Wild Center Exterior**



Source: HOK and AIArchitect ([http://www.aia.org/aiarchitect/thisweek08/0321/0321n\\_tupper.cfm](http://www.aia.org/aiarchitect/thisweek08/0321/0321n_tupper.cfm)).

**Figure A-22**  
**Exhibits at The Wild Center**



Source: HOK and AIArchitect ([http://www.aia.org/aiarchitect/thisweek08/0321/0321n\\_tupper.cfm](http://www.aia.org/aiarchitect/thisweek08/0321/0321n_tupper.cfm))

**Figure A-23**  
**Site Plan of The Wild Center**



Source: The Wild Center ([www.wildcenter.org](http://www.wildcenter.org)).

Figure A-24  
Floor Plan of The Wild Center



Source: The Wild Center ([www.wildcenter.org](http://www.wildcenter.org)).

## Appendix B FOCUS GROUPS

### Scottsdale Desert Discovery Center – Market Study Focus Groups Report

*April 2010*

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#### Study Objectives

- Understand the breadth and depth of knowledge, as well as emotional attachment, to the Sonoran Desert ecosystem and environment – including Scottsdale’s McDowell Sonoran Preserve
- Describe interest in Scottsdale’s proposed Desert Discovery Center (DDC)
- Measure public resonance and interest in the proposed DDC’s layout and architecture
- Measure response and reaction to the proposed exhibits and offerings of the DDC
- Gauge visitation interest and general pricing expectations

#### Overview

The focus groups that were conducted tap qualitative interest in the desert ecosystem, a proposed Desert Discovery Center (DDC) and responsiveness to the DDC’s concept as currently proposed. In addition, the focus groups helped identify and clarify language for surveying and communicating with local area residents about the DDC project. Despite relatively high internal validity, focus groups report on very few people’s knowledge, perceptions, and opinions and do not provide an evidentiary base for making generalizations to any larger populations although these particular groups do display a unique consensus that is suggestive of greater generalizability.

#### Methodology

Two focus groups conducted in Scottsdale, AZ on the evening of April 19, 2010

- Group 1 Scottsdale residents
- Group 2 Greater Phoenix metro-area residents (excluding Scottsdale)

Participants included a mix of young and older, male and female, and included several Hispanics and African-Americans. Residential status included native born, long-term, and shorter-term (as few as four years). Most participants had one or more children, including a great-grandparent of

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several. All indicated that they have frequent out-of-town visits from family and friends. All had visited one or more local area attractions.

## Summary of Findings

### Overall Impressions of the Desert Discovery Center and Its Goals

- All participants expressed positive to extremely positive perceptions toward the DDC concept as presented in the focus groups. Most were excited about the prospect of the DDC project and all were supportive of the plan as presented. No serious reservations about any aspect of the plan were raised although participants were more probing about the details and specifics. In the end, public support and success of the project will be based on providing the “world-class” offering promised and presented.
- Participants want the project to be done “right” and want it to be attractive and something that they can be proud of. They resonate to the idea of a “world-class” destination to present to outsiders and its reflection on their community.
- Although not initially aware of the DDC, after learning about the proposal, participants are consensually positive about the project, the entire set of goals tested, and its location. The only caveat raised to goals presented is more explicit identification of education and educational goals.
- Participants say the goals tested are the right goals and most believe that the goals are attainable. They further state that execution and implementation must be “world-class” for the goals to be attained.
- Education/educational programs were the one area where participants felt the proposed offering was not totally clear or explicit. Many expressed the opinion that education is, and should be, a central goal of the project.
- All participants say the proposed DDC will be a valuable addition to their community. This sentiment is even stronger among Scottsdale residents.
- Participant’s perceive the DDC’s desirability to tourists is assumed based on its ability to tell the story of the unique Sonoran Desert environment, the setting of Phoenix/Scottsdale and the proposed DDC.
- The only mildly negative reaction toward the project came from one participant who expressed concerned about what those living in the immediate area – especially residents of neighboring DC Ranch – would think about the DDC. An interesting response from within the group was that this perceived negative might be offset with the positive of not having future development because of the preserve.

### Awareness of the DDC and the Preserve

- Scottsdale residents seem marginally more interested and excited about the proposed DDC, but no more aware, than non-Scottsdale residents. The name Desert Discovery Center has little or no name recognition with anyone. The acronym DDC has no brand recognition among the public.
- The McDowell Sonoran Preserve has limited initial name recognition with only a few participants being aware of it even after further prompting. This level of DDC awareness is markedly lower than other desert related destinations and attractions, including the Arizona-Sonora Desert Museum in Tucson and the Desert Botanical Gardens in Phoenix.

- The public appears to know little or nothing about Scottsdale’s plan to leverage the McDowell Sonoran Preserve by creating a Desert Discovery Center destination at “The Gateway.”
- All participants state that they know the general area where the Preserve and proposed DDC are located, and report that access will be easy and convenient for them (both Scottsdale and non-Scottsdale groups).
- Participants, especially Scottsdale residents, articulate pride in the desert that is uniquely central to their community, and look forward to greater access for themselves and visitors. Participants were particularly interested in having this access destination close by to share with their guests as well as tourists.

### **Interest in and Use of the Desert**

- When prompted, participants display interest and concern about the desert environment. Many are keenly aware of the uniqueness of the desert environment in which they live. They are concerned with its preservation in a natural state and the impact that development has had on it.
- Use of the desert varies based on personal interests and abilities. Activities cited include picnicking and similar family outings, hiking, mountain biking, equestrian, and viewing the flora and fauna.
- Participants currently use a variety of destinations/attractions in the local and regional area. Almost all have visited the Desert Botanical Gardens and most have visited the Arizona-Sonora Desert Museum in Tucson, despite the two hour drive. All are interested in having access to the desert close at hand.
- Most participants emphasized the desire to learn about the desert environment and ecosystem, but they also understand the concept that visitors, whether local or tourists, must be nurtured with entertainment and motivated with emotional resonance to the desert.

### **Reactions to the Overall DDC Design and Pavilions**

- Participants are very positive about integrating the built environment into the pristine Sonoran Desert setting, creating a green and sustainable preserve, and celebrating the beauty of the Sonoran Desert.
- The fact that the DDC will be a gateway to various terrains and elevations in the desert environment is very appealing.
- A very positive response was received to the indoor-outdoor layout for the pavilions. Locals indicate that there will be a three month summer slow season for this destination, but that it will be mitigated by the ability to move from one controlled environment to another, coupled with early morning and late evening hours. The indoor-outdoor aspect of the project resonates with participants who indicate that learning is reinforced by frequent returns to the open, with its views of the preserve and the desert oasis-like landscaping between pavilions.
- The proximity to the existing hiking pavilion and access to the trails of the McDowell Preserve were perceived to be very desirable. Participants liked the idea of having access to storage for personal belongings and availability of basic supplies on site for impromptu hiking, for those desiring to do so.
- While the value of the close proximity to hiking trails is recognized advantageous, a few respondents thought that hiking and visiting exhibits would not be something that they would do on the same trip.

- The design and look of the pavilions received very positive responses, as did the presence of the shade awnings, both of which blend with the desert setting and mountainous terrain.
- Participants were pleased about the free public areas like the café, gift shop/retail, and welcome plaza and pavilion in addition to the fee for entry of the larger experience/exhibit space. They also seemed unconcerned with parking issues.
- Response to the Desert Great Room for events of all types was very well received.

### **Dining and Retail**

- Participants recognize the potential of the proposed DDC as a social gathering place for meals and venue to host social and business events.
- The café was well received with participants displaying interest its offerings, including alcohol, and recognize the desirability of the DDC for entertaining and having a drink with friends.
- There is slight concern about the nature of the café. The bottom line is that participants expect high food quality, described as “good food,” and will be very dissatisfied with the institutional food quality that is commonly found in most public attractions. Perceived quality of F&B offerings could easily influence attendance because most visitors are likely to make such purchases.
- Purchase prices for F&B must be perceived as reasonable and not be inflated, as is often the case in public spaces with captive audiences. Repeat traffic and business will be dependent on high quality F&B at a “fair” price. One participant volunteered that a small premium could be charged consistent with the location and setting, and there was no vocal disagreement.
- The idea of a retail outlet(s) including a conventional gift shop, the selling area arts and crafts, and selling hiking supplies was very desirable to many participants. Educational materials should be included in the gift shop offerings.
- The gift shop concept should be expanded to desert shopping given the desirability of offering conventional gifts, drinks and snacks, local arts and crafts, desert education materials and hiking supplies. Participants also suggested offering secure storage for personal items for those who wish to venture into the desert. Visitors having to carry bags, etc. on the trail and high temperature car storage may not be desirable.

### **The “Magical World” Exhibit**

- Participants understand the expected emotive overview of the “Magical World” immersive experience and recognize how this amalgam of technology and entertainment can expand awareness and increase interest in the desert and in the Preserve. Participants readily identify analogs to the immersive experience which means visitors will know in general terms what to expect.
- Participants recognize the importance of incorporating such an immersive multi-media experience into a conservation and education destination at the McDowell Sonoran Preserve to attract locals and tourists. Its uniqueness and quality seem like it will greatly influence repeat visits.

### **Anticipated Visitation Behaviors**

- The idea of having knowledgeable committed docents and docent stations (once explained) was received with widespread approval and participants commented on how such people

personalize and enhance these types of experiences. More than one participant wants to volunteer.

- Given its accessibility, the DDC will be a desirable destination for short, as well as longer, visits.
- The DDC is very desirable to all participants as a sightseeing opportunity for friends and relatives visiting from elsewhere.
- Similarly, participants think that the DDC will be desirable to tourists staying in Scottsdale and greater Phoenix.
- Since there is no single form of “typical” visit to DDC, length of expected visits vary in the minds of participants. They anticipate that their typical visits to the proposed DDC exhibits would likely last between two and four hours. This means that many are likely to avail themselves of the café for food or drinks while visiting.
- Most participants do not think DDC guests will take in exhibits and go for a hike on the same visit. Thus, they anticipate multiple visits to enjoy the different types of experiences offered.
- Participants said they are likely to visit the exhibits and immersive experience one or more times with almost all saying that they are likely to visit at least annually. Many participants state that they would visit the DDC two to four times annually for different purposes and even more frequently when entertaining out-of-town family and friends.

### Price Expectations

- An admission price of \$20-\$25 dollars is implied from the responses of these 19 participants to a survey administered at the end of the focus groups.
- Participants like the idea of family pricing, annual memberships, and season passes. All expect two-tier pricing for adults and children.
- Participants were not well acquainted with the idea of “Friends of . . .” organizations but offered no reservations about such an offering.

The table shows the mean (average) price for each of the price questions posed. Note that this is a very small sample size (19 participants). As such, these results are illustrative rather than projectable to the population.

The four questions were:

- At what price would you consider visiting the DDC to be too expensive that you would not consider purchasing it? (TOO EXPENSIVE)
- At what price would you consider visiting DDC to be priced so low that you would begin to question its quality? (TOO CHEAP)
- At what price would you consider visiting DDC to start getting expensive, but still a possible purchase? (EXPENSIVE)
- At what price would you consider visiting DDC to be a bargain – a great buy for the money? (CHEAP)

Notice that Scottsdale residence report slightly higher averages in response to all four questions. These results describe the range into which correct pricing is likely to fall.

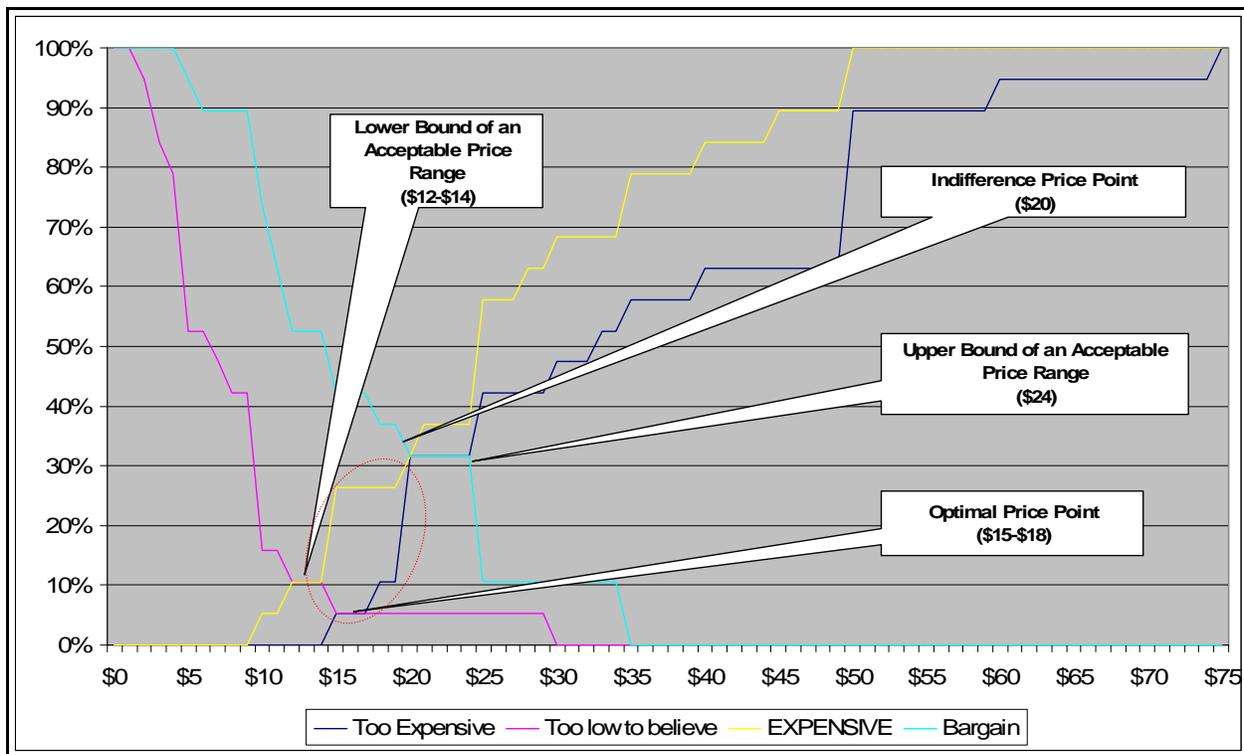
**Pricing Question Results**

| Area                      |      | TOO expensive | TOO cheap | Expensive | Cheap   |
|---------------------------|------|---------------|-----------|-----------|---------|
| Phoenix<br>(9 People)     | Mean | \$32.50       | \$6.94    | \$25.56   | \$16.17 |
| Scottsdale<br>(10 People) | Mean | \$39.30       | \$9.60    | \$29.10   | \$17.90 |
| Total<br>(19 People)      | Mean | \$36.08       | \$8.34    | \$27.42   | \$17.08 |

Source: The Olinger Group

The plot below shows the pricing sweet spot with “lower bound of an acceptable price range” or the “point of marginal cheapness” (PMC) and “upper bound of an acceptable price range” or the “point of marginal expensiveness” (PME).

- The "indifference price point" (IPP) refers to the price at which an equal number of respondents rate the price point as either "cheap" or "expensive".
- The "optimal price point" (OPP) is the point at which an equal number of respondents describe the price as exceeding either their upper or lower limits. Here optimal identifies equal tradeoff in extreme sensitivities to the price at both ends of the price spectrum.



Source: The Olinger Group

Following is the moderator’s guide for the focus groups.

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**Scottsdale Desert Discovery Center – Market Study Focus Groups**

***Moderator’s Guide – V2***

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**Overview**

The focus groups seek to identify and clarify language for surveying and communicating with local area residents (not area visitors or tourists) about interest in desert ecosystem, a desert discovery center and responsiveness to the DDC concept as currently developed.

**Materials**

1. Project Goals

The goal of the Desert Discovery Center is to increase residents and visitor’s appreciation and understanding of the McDowell Sonoran Preserve through immersive experiences, educational programs and superior visitor amenities. As gateway to the McDowell Sonoran Preserve, the DDC will inspire the appropriate use, enjoyment and conservation of the Sonoran Desert and the McDowell Sonoran Preserve itself. The DDC will enhance Scottsdale’s quality of life and attractiveness as a tourist destination.

2. Interpretive Themes with Statements and graphics as appropriate
3. Creative graphics depicting architecture, layout, and sample exhibits
4. Photographs of scenic views from the site
5. Maps show location in larger area and relationship to McDowell Preserve.

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Upon entry, receive a sheet of paper with the following questions:  
What does DDC stand for?  
What do you know or have you heard about the McDowell Preserve?

---

***Introduction***

Hello, my name is \_\_\_\_\_ and I want to start out by thanking you for coming to our discussion. I work with The Olinger Group, a marketing research firm. We conduct discussion groups like this one in order to gain an in-depth understanding of how people, like you, feel about different topics, products, and issues.

Today, we’ll be talking about a recreation and learning project in your area. Our discussion will last approximately 2 hours. I’ll be moderating our discussion, so let me take a minute or two to tell you a little about myself and share the ground rules for our discussion.

***Ground Rules***

Now I’d like to review the ground rules for our discussion that will make our meeting easier for you and more valuable to us.

1. First, there are no right or wrong answers to the questions we are asking. People may disagree on different issues, and that is okay. Everyone’s opinion is important.
  2. I want you to be open and candid with me. We are here to learn, and honest opinions are of the greatest value to us.
-

3. I'd like to let you know that I may change the subject during the discussion. That doesn't mean that I don't want to hear what you have to say, I just want to make sure we get through all the things we have to cover in the time we have.
4. I also ask that you speak directly to the group and talk one at a time. If we have any side conversations or too many people talking at once, we always end up missing the good, juicy stuff.
5. We are audio taping our discussion. No one will hear this besides my associates and me. We are only doing this so that we can review what you say after this is over in case we miss something.
6. Client representatives and associates of mine are monitoring our discussion from behind the glass, and I want to let you know that from time to time, they may bring me notes or questions during the discussion.
7. I also would like to ask you to please turn off your cell phones and pagers, so that we are not interrupted during our discussion.

---

Now I'd like to take a moment for each of you to introduce yourselves and to tell me a little about yourselves:

1. How long you have lived in the area?
2. How many children do you have?

Let's go around the room again and hear briefly from each of you: *(These are meant to be quick, part warm-up, part gut check on the hypothesis that the name is deeply embedded in the community.)*

3. What does DDC stand for?
4. What do you know or have you heard about the McDowell Preserve?
5. What do you know or have you heard about a proposed Desert Discovery Center?
6. Next, I would like you to tell me about your interest in and general feelings about the desert ecosystem in which you live.
7. What aspects of the desert and its ecosystem, if any, most interest you and your family or friends?
8. What activities do you currently engage in that are directly related to or made possible by the desert ecosystem in this area?
9. Are there any activities not already mentioned that you are interested in pursuing related to the desert ecosystem?
10. Have you ever or do you currently visit the McDowell Preserve?
11. What offerings, amenities, activities, or attractions, would encourage you to visit the McDowell Preserve and the Sonora Desert more often?
12. What other places in the greater Phoenix area or "Valley of the Sun" offer similar desert opportunities, education, scenic views, or access?
  - a. Have you visited the Desert Botanical Garden in Phoenix or Arizona-Sonora Desert Museum near Tucson?
  - b. Have you ever visited the Sonoran Desert Naturalist website?

*(If not already covered earlier)*

Scottsdale wants to leverage the McDowell Sonoran Desert Preserve that is within its borders.

13. What do you know or have you heard about this initiative?
14. Is the creation of a destination attraction at the McDowell Preserve in Scottsdale a good idea?
15. What themes should such an attraction emphasize?

The Desert Discovery Center will be the primary gateway into the McDowell Sonoran Preserve, which offers 14,000 acres of wilderness including breathtaking mountain peaks. The Sonoran Desert is one of the most diverse and certainly one of the world's most amazing deserts.

These photographs were taken at the site of the proposed Desert Discovery Center and give an idea of what the setting will be.

16. How does this site compare to other places where the public has a view of and access to the desert?

This first map shows the location of the McDowell Preserve and the proposed DDC. This second map shows how the DDC interfaces with existing facilities and trailheads.

*[Show the maps-I have no questions about them since location is fixed and we ask about usage later]*

The goal of the Desert Discovery Center will increase resident's and visitor's appreciation and understanding of the McDowell Sonoran Preserve through immersive experiences, educational programs and superior visitor amenities. As gateway to the McDowell Sonoran Preserve, the DDC will inspire the appropriate use, enjoyment and conservation of the Sonoran Desert and the McDowell Sonoran Preserve itself. The DDC will enhance Scottsdale's quality of life and attractiveness as a tourist destination. (*Show GOALS board*)

17. Are these the right goals?
18. Are they attainable?
19. Will this be a valuable addition to your community?

The Desert Discovery Center will be a world-class statement on how to integrate a built environment into the pristine Sonoran desert setting. It will be a new benchmark of green and sustainable architecture celebrating the beauty of the Sonoran Desert.

The Desert Discovery Center will be a collection of indoor/outdoor desert pavilions set within lush desert landscaping. The pavilions will be connected by a series of heavily shaded courtyards providing an oasis effect in the midst of the desert. Materials will be rugged and desert like, yet refined and all selected to blend with the desert. The various pavilions will be sculptural in nature, reflecting the fractured geometry of the mountain backdrop. Some will be set low into the earth and some have soaring cantilevered roof forms. All will reflect the character of the desert. Water elements will add to the cooling effect of the courtyards, capturing of rainwater and reusing water from the DDC.

*[Show the rendering of the facility layout]*

This rendering provides one vision of the expansive indoor-outdoor layout of the proposed DDC. It will be composed of a Looking at it from right to left....

- Adequate convenient parking
- Proximity to the existing hiking pavilion
- Welcome plaza and pavilion
- Gift shop and Café
- Three large viewing with views of the desert
- Exhibit pavilions
- Amphitheater
- Desert Great Room
- Magical World Immersive Experience
- Family Center with exhibit space

20. What are your first impressions of the layout and conception of these proposed Desert Discovery Center facilities?
21. What do you like about it?
22. Do you have reservations about any of this so far?

Finally, these renderings provide more detail about the look and feel of the DDC pavilions.

*[Show the renderings of the pavilions]*

23. What are your first impressions of this style of building?
24. What do you like about it?
25. Do you have reservations about any of this so far?

***Magical World***

Set in the Sonoran Desert, Scottsdale's Desert Discovery Center's signature attraction, "Mysterious World," will be an introduction to the Sonora Desert and its ecosystem that immerses visitors in its beauty and wonders.

"Mysterious World" will transport you into a world of secrets and surprises. You discover a world that's hiding in plain sight in the McDowell Sonoran Preserve.

You meet friendly guides who know the secrets of the desert and can reveal them in magical ways. An artist shows light dancing across the landscape during the amazing spectacles of sunrise and sunset making the desert bloom with radiant flowers that glow with color. A naturalist uses "night vision" to reveal the lively nocturnal world of the coyote and its fellow desert creatures. A grandfather magically shows his granddaughter 10 million years of geologic history as volcanoes erupt, tectonic plates grind together and weather wears mountains to sand. Each revelation is more astonishing than the last as the stories spill off the screens and into the audience.

The experience choreographs video projections, theatrical lighting, dramatic music, surround-sound and physical effects such as vibration, wind and heat. The main area is dominated by a dynamic composition of projection screens. These screens "float" in front

of a seamless backdrop capable of creating sunrise, daytime, sunset and starry night. The message is, “There’s so much out there to explore – discover the magic for yourself.”

*[Show the storyboards and read the descriptions]*

**Sunrise**

The drama of sunrise in the Sonoran Desert. Vivid sky-shades of cobalt blue and shimmering gold (back screen) shine on a desert filled with radiant wildflowers (front screens) in luminous shades of red, pink, orange, yellow and green. As the sunrise illuminates the desert, the field of flowers grows and grows until it fills the theater – you are engulfed in a riotous rainbow of colorful flora.

**Sunset**

The desert at “magic time” -- sunset. Artists come here from all over the world to capture this bewitching, radiant, ephemeral shade of amber-gold light. You find yourself bathed in this light, and become part of the magic moment when nature comes alive. It’s an ‘emotional souvenir’ of this immersive presentation.

**The Desert at Night**

The unexpected wonders of the desert at night, when the land comes alive. This world is illuminated by a radiant full moon, and billions of stars that spill off the screen, immersing the audience. The light reveals a magic domain of wild creatures. A coyote howls at that moon, and then races after a jackrabbit. Saguaro flowers bloom, inviting long-nosed bats to suck their nectar. Wood rats nibble at the spiny pads of prickly pears. It all seems to happen at once, all around us.

**Geologic Time**

In addition to offering a unique experience focused on the desert today, The Magical World experience will also delve deeper into the Sonoran desert story. For instance Geological time is explored.

How did the Sonoran Desert come to be? The dynamic geologic history of 40 million years is telescoped into seconds. Volcanoes explode with atomic force, generating red-hot liquid rock that flows off the screens into the audience. The spent volcanoes collapse into calderas. The land rumbles and rips apart, producing new mountains and valleys. This whole fiery story is in the rock, if you know how to ‘read’ it...

26. What do you think of this concept?
27. What do you like or not like about them?
28. Tell me how important you think it is to incorporate such an immersive multi-media experience into a destination attraction at the McDowell Preserve in Scottsdale?

*(Begin interpretive themes with graphics)*

29. For each of the following themes or exhibits...
  - a. Tell me how important you think it is to incorporate such an experience / attraction into a destination attraction at the McDowell Preserve in Scottsdale?
  - b. What do you like or not like about them?

### **Discovery Portal**

*The Discovery Portal greets visitors when they enter the Desert Discovery Center. The suspended globe shows the planet's deserts; graphic panels mounted in "living walls" provide orientation information and an introduction to deserts, the Sonoran Desert and the McDowell Sonoran Preserve.*

The centerpiece is the Desert Mandala Globe suspended in the courtyard above the icon that says to visitors: "There is information here." (*Show the image of the icon*) The globe interprets the history of the Sonoran Preserve and the significance of the Sonoran Desert in relation to the other great deserts of the world. Orientation information, interpretation of the history of the Sonoran Preserve, and how the citizens of Scottsdale voted to tax themselves to create the largest nature preserve within an urban area in North America are presented.

### **Seasons of the Sonora**

*Seasons of the Sonora has an interactive map, sub-galleries with large-scale images of desert plants and learning stations and Tom Thumb's Theatre, an immersive experience about geology that is housed in a scale model of the rock formation.*

In the Seasons of the Sonora pavilion, you walk inside a spiral-shaped structure that offers a tour of a year in the desert. It shows changing weather patterns and presents imagery of the plants that bloom at certain times, migratory birds that are arriving or leaving, other animals that may be going through mating rituals or bearing young. Interactive, three-dimensional exhibits along the spiral provide opportunities to understand the adaptations that allow life to survive the desert's climatic extremes. Unusual and interesting relationships, like those between plants and pollinators and how microclimates shape species, are highlighted using interactive experiences for all ages and ability levels.

### **Staying Alive**

*Staying Alive offers visitors the chance to view large-scale sculptures that show the survival drama of Sonoran Desert animals. Touch screen computer stations help visitors understand the adaptations animals must make to survive climatic extremes, find food, reproduce and avoid predation. Sub-galleries with learning stations and large-scale imagery offer the opportunity to learn more about desert animals.*

This pavilion will focus on the adaptations that allow desert animals to survive in a harsh, arid landscape where summer temperatures can exceed 120 degrees. Curving walls will separate the experience into night and day since so many desert animals are nocturnal. Half of the space will be dim, cool and mysterious. The other half will be bright, warm and airy. The gallery walls will be a rich cornucopia of imagery depicting desert fauna, with various interactive experiences that help visitors understand that, despite its beauty, the desert is a place where the struggle for survival does not cease, a constant battle between predator and prey. Private spaces will offer virtual experiences such as being a raptor floating on the wind, searching for prey, or a mouse on the desert floor, hunting insects while being hunted itself by snakes, coyotes and birds of prey. Dynamic, realistic, large-scale sculpture of various animals will be used as segues to learning experiences about various adaptation strategies.

### **Hidden Worlds**

*Hidden Worlds helps visitors see and understand part of the natural world they typically cannot see: burrowing animals, microscopic soil life and various live insects and reptiles. A bank of monitors shows images from cameras placed on the Preserve; if nothing is happening in real-time, visitors can choose to watch archival footage. The Snake's Eye View Theatre offers an immersive experience in which visitors view the world from the perspective of a snake.*

The Hidden Worlds pavilion will feature experiences that show visitors glimpses of the desert world that are not typically seen with the naked eye.

An entire wall will be made of transparent plexiglass so that a view of the soil behind it is revealed. Visitors will see animals in burrows; activate video that shows microscopic soil life; learn how the caliche layer forms; understand cryptobiotic crust (and why they need to stay on trails to avoid damaging it) and pull out drawers that reveal touchable minerals and other objects that docents can change out to support various programs.

A bank of monitors will reveal real-time images from cameras placed at sites throughout the Preserve, including infrared nighttime footage from watering stations. Visitors will be able to access archival footage that ultimately will become a Preserve "life list" of bird sightings and occurrences of other animals. Live reptiles, amphibians and various arthropods will be creatively displayed in small habitats.

### **Human Adaptation**

*Human Adaptation is a trip through time that challenges the visitor to understand how prehistoric and historic cultures adapted to the desert environment, and how future societies will need to adapt. A floor-mounted theatre-in-the-round traces the evolution of the Valley of the Sun with aerial photography, satellite imagery and historic still and moving pictures.*

For millennia, humans have adapted to the desert environment by manipulating water, so the centerpiece of the human adaptation pavilion will be a dramatic, interactive vertical water sculpture. Water will flow down strands of transparent or reflective material (in the manner of rain chain). Visitors will be able to change the flow of the water using interfaces mounted on the massive crucible into which the water flows, mimicking the real-life diversions and dams that affect the flow of the Colorado, Salt and Gila rivers. The experience will be a walk through time via various re-created environments that reflect the evolution of human society in the Valley of the Sun. Visitors will experience a Hohokam pit house, a cowboy line shack from the EuroAmerican settlement era, a Fifties bungalow and a sustainable home of the near future in which they learn the basic tenets of desert sustainability. The habitats will be united by the common thread of water, and how human society in the desert is ultimately shaped by how people relate to this vital resource.

### **Children of Tomorrow**

*In this especially-for-kids space, young visitors can walk into a giant saguaro cactus, trace its root system through floor lighting, try to identify desert animals from the sounds they make, play on a model of the McDowell Mountains and take a trip on a time machine.*

The Children of Tomorrow pavilion will be open to visitors of all ages, but its primary target audience will be kids ten and under. Free play spaces will include a 3D scale model of the McDowell Mountains on which kids can climb. The full suite of learning experiences will offer challenges such as identifying animals by listening to sounds. Kids will be able to enter a walk-in saguaro cactus and activate “rain” to see its ribs swell, how water is transported within the cactus and view a bird’s nest from the inside-out. They will have the opportunity take a trip back in time to witness (for instance) what the Valley of the Sun was like before air-conditioning, or make choices in the present day, then travel into the future to see the consequences.

30. On your sheet of paper, please rank the exhibits you think would be of interest to you by placing the exhibit numbers in the appropriate boxes.
31. Now, tell me your reaction to the types of exhibits mentioned.

Next, I am going to describe other potential OFFERINGS at the proposed McDowell Preserve Desert Discovery Center. (*Show graphics.*)

32. I would like to hear your impressions of each of the following.
  - Docent stations - The docent stations offer outlet to the robust personal interpretive services of volunteers sharing their experiences and knowledge of the local desert environment.
  - Educational Programs
    - Weekends
    - School outings
    - Adults
    - Children
  - Access to Preserve and the hiking trails [see map]
  - Gift shop
    - Local arts & crafts space
    - Education materials
    - Hiking supplies
  - Food service - The DDC will be a place of community gathering and entertainment. A restaurant/and cafe will be featured with a unique desert-dining garden for enjoying a fine meal, gathering for coffee after a hike or having a refreshing drink on a warm day.
    - Casual café breakfast and lunch
    - Table cloth dinner
    - Beverages
      - Beer / Wine / Cocktails
  - For locals
  - For tourists
  - Rentable
33. Would this DDC be a desirable location to host social and business events?
34. How likely are you and people you know to use each of the OFFERINGS we just described?

Before we talk about how much an attraction like this should cost, please answer the four questions about price on the pricing sheet.

35. Now that you are finished writing, what would you or people like you be willing to pay for ticket to the facility, retail and café are open to the public.

Given what you know and have learned about the proposed location of the DDC...

36. Will it be a desirable evening/sunset or other short duration (1-2 hours) destination for you and people like you?
37. How desirable is this sort of attraction to you as a sightseeing opportunity for friends and relatives visiting from elsewhere?
38. How desirable do you think this sort of attraction would be for tourists staying in Scottsdale?
39. How desirable do you think this sort of attraction would be for tourists visiting other places in the metro-area?

We know that people decide by making tradeoffs; like travel time vs. quality of the experience?

40. Given the location of the DDC, how likely are you to visit
- 41.
- a. For a half day outing with family or friends to visit the DDC?
  - b. For a day long outing including a DDC visit and a hike?
  - c. For a few hours of hiking or other exercise at the Preserve but not visiting the DDC?
  - d. For a drink with friends?
  - e. For a light meal; lunch; dinner?
  - f. In the evening after work?
  - g. To schedule a social event such as a wedding reception or holiday party?
42. How much time do you think you will spend on a typical visit to DDC visiting exhibits and other offerings?
43. How often do think you will visit?
44. Do you think if you visit you would want to return again?
45. What about Memberships with this proposed DDC? Would these be attractive if for one fee you could have unlimited visits during the year?
46. Would you be interested in joining a "Friends of ..." organization that supports the DDC?
- a. What should it be like?

The Olinger Group, Consultecon, and the City of Scottsdale thank you for your participation tonight.

**Appendix C**  
**DESERT DISCOVERY CENTER – ONLINE MARKET STUDY**



Scottsdale's McDowell Sonoran Preserve  
Desert Discovery Center  
May, 2010

get smart.

# Organization of Results

the ollinger group

- Objectives
- Executive Summary
- Key Findings
- Methodology
  - Sample
- Detailed Results
  - Location
  - Desert Discovery Center Concept
  - Immersive Experience
  - Exhibits
  - Amenities
  - Size and Scope
  - Attendance
  - Usage
  - Pricing
- Respondent Profile
- Other Area Attractions



## Objectives

- The overall objective of this research is to gauge the level of interest in a Desert Discovery Center (DDC) to be located at the Scottsdale McDowell Sonoran Preserve.
  - Target segments for analysis are Scottsdale and Greater Phoenix-area residents and past and future area tourists and visitors.
- Specific Objectives include:
- Evaluation of desert location and McDowell Sonoran Preserve site for DDC.
  - Evaluation of the Desert Discovery Center concept, vision, goals and its proposed size and scope.
  - Evaluation of exhibit concepts including the immersive experience Magical World.
  - Evaluation and likely use of attraction amenities such as food and beverage offerings, gift shop, etc.
  - Estimate likelihood of attendance by segments, desirability for potential users, and potential for re-visits.
  - Evaluate potential for various types of usage.
  - Determine potential admission prices and price structure.

# Executive Summary

# Executive Summary

the olinger group

## Overall Response

- There is substantial agreement about the desirability of a Desert Discovery Center (DDC).
  - Generally, tourists and visitors are even more supportive of DDC than are local residents of Scottsdale and elsewhere in the greater Phoenix area.
- The size and scope of the proposed DDC is about right for 75-90% of respondents whether for the desert location, the City of Scottsdale, or the Greater Phoenix Scottsdale Area.
  - Scottsdale residents are most likely (only 24%) to say the proposed project is too big for the desert setting.
- More than 80% of respondents find the indoor/outdoor layout and the overall "vision" for the Desert Discovery Center desirable. More than one-third say it is "very desirable".
  - About 70% say the layout of the grounds is easy to navigate and about 60% recognize the pavilion designs as "works of art".
  - About 75% say the DDC design looks "cool and refreshing" while blending appropriately with the desert environment and showcasing the desert flora.



## Executive Summary

### Exhibits and Attractions

- About 25-35% of respondents say an immersive experience is "very desirable" for the proposed DDC. When including all those who say an immersive experience is desirable the percentage increases to 70-80%.
  - About the same number say the immersive experience Magical World is "very desirable."
  - Seventy to eighty percent (70-80%) of respondents say the four story boards tested are desirable for inclusion in the immersive experience.
  - Of the four story boards tested, Sunrise tested lowest with just below 70% of locals saying it is desirable.
  - Dimensional analysis identifies Geologic Time as least closely related to the other story boards in the minds of respondents.
- Eighty to ninety percent (80-90%) of respondents say all five exhibits tested are desirable, with 30-50% saying "very desirable."
  - The Children of Tomorrow exhibit is ranked most desirable for inclusion but fewest "wanting to experience" (perhaps because most people recognize the need for children friendly experiences but finding them least important to their own enjoyment).

## Executive Summary

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- People like the scenic vistas and the hiking and walking opportunities offered by the proposed Desert Discovery Center site.
  - Tourists and visitors appreciate the scenic vistas enhanced by early morning and late afternoon lighting consistent with the story board preferences for the immersive experience.
- Most people (>50%) say the proposed DDC should promote understanding and appreciation of the desert and its ecosystem.
- DDC is perceived to be equally desirable (80-90%) for adults and children.
- Eighty-five to ninety percent (85-90%) recognize DDC as desirable for tourists and those visiting family and relatives.

## Executive Summary

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### Attendance

- Sixty percent (60%) of Scottsdale residents and 40% of Phoenix area residents are more than “likely” to visit over the course of a year.
  - Thirty percent (30%) of tourists/visitors are more than “likely” to visit DDC when in the metro-area.
  - No more than 20% of all respondents say they are unlikely to visit DDC.
- Tourists/visitors are least likely to be effected by season in their likelihood of visiting DDC.
- Keeping with the goals for DDC, 55-60% of locals say DDC is “very desirable for school outings and educational programs.”



## Executive Summary

- Eighty to ninety percent (80-90%) say DDC is a desirable destination experience for “visits of 1-3 hours with family or friends”.
- DDC is intriguing enough that about 90% say they are likely to visit more than once.
  - About 15% of local residents say they are likely to visit on average six or more times per year and the average local resident will visit about four (4) times each year.
  - Even among tourists/visitors the average number of visits is greater than one.
- The closer one lives to DDC the shorter the expected length of visits.
  - Many tourists/visitors expect a visit to last more than four hours.
  - Phoenix residents expect their visits to average a little less than four hours.
  - Scottsdale residents expect their visits to last about three hours.

### Usage

- Seventy to eighty percent (70-80%) say outdoor activities, like hiking, are desirable for all or part of their DDC visit.
  - More than 80% are likely to use DDC for access to the McDowell Preserve and its hiking trails.
  - Forty to sixty percent (40-60%) say they are likely to use hiking supplies or rental mountain bikes if offered.



## Executive Summary

- **Food and beverage service should be included in the DDC.**
  - Beverage service is a must for the 80-90% likely to use it and 30-50% are likely to consume beer, wine, and cocktails.
  - Twenty to forty percent of people say they are likely to have a table cloth dinner at DDC while as many as 80% say they are likely to have a casual café lunch at DDC.
  - Breakfast is also likely for 65-70% of respondents.
  
- **Thirty to forty-five percent (30-45%) say DDC is a desirable location for drinks with friends and to socialize with friends or co-workers after work.**
- **More than 50% say DDC is a desirable setting for social events like weddings and parties.**
  - Two-thirds of all respondents would want to attend a social or business event held at DDC.
  - Forty to Fifty percent (40-50%) of locals would consider renting DDC for a social event or occasion.



## Executive Summary

### Pricing

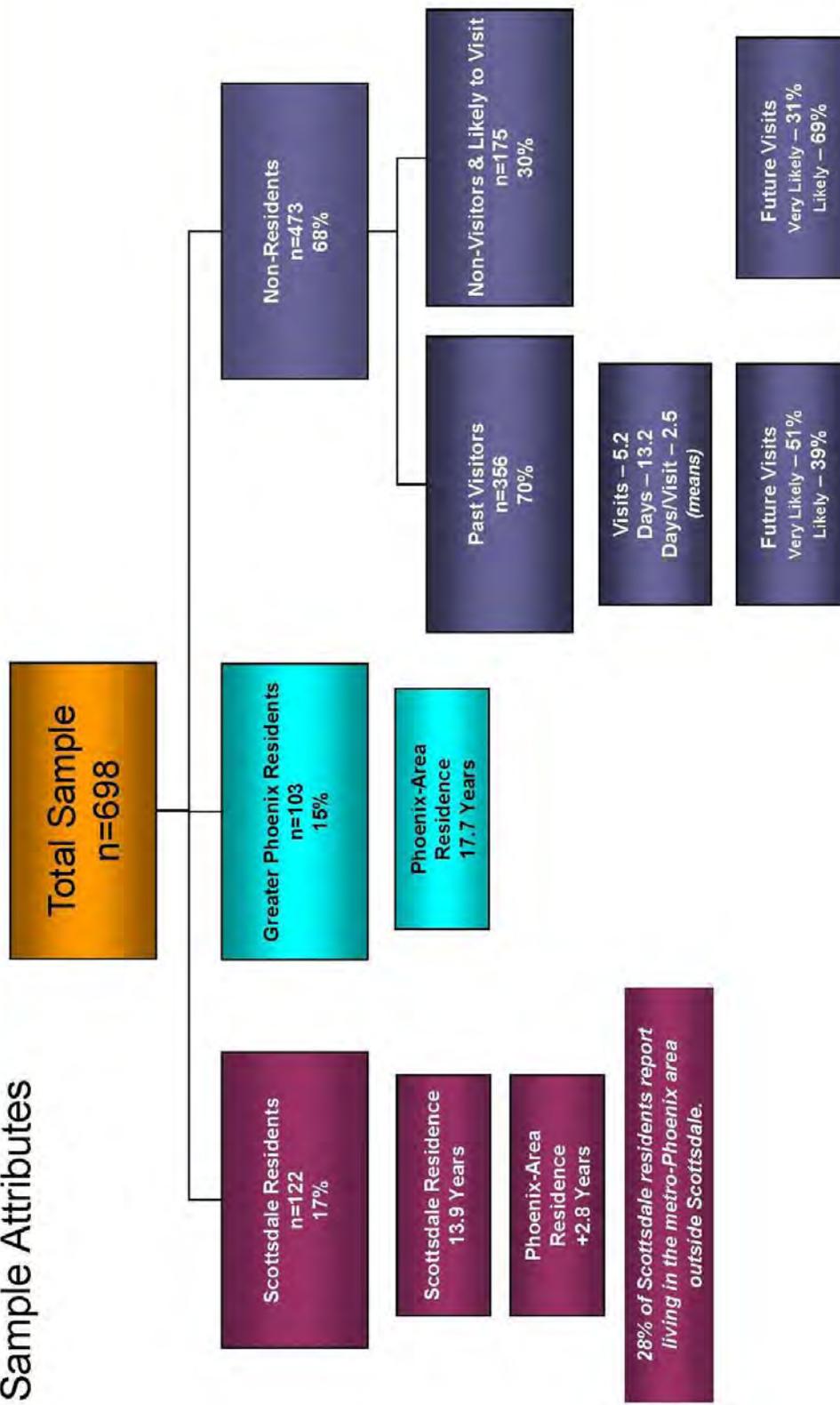
- Respondents like the idea of family pricing, annual memberships, and season passes.
- Admission prices lower than \$9.00 are counter productive and above \$20.00 are too high (i.e., begins to be too high) for the proposed Desert Discovery Center. The results reflect consumer expectations and perceptions of price-value, and do not necessarily reflect the optimum pricing from the perspective of economic sustainability.
- The market varies in its expectations about admission price levels and is likely to support a two or three tiered pricing system.
  - Tourists/Visitors expect to pay higher admission and report willingness or ability to pay 50-60% more than Scottsdale and Phoenix-Area residents.
  - Phoenix-Area residents expect to pay slightly higher (\$1-\$2 more) admission and report willingness or ability to pay as much as 10-20% more than Scottsdale residents.

# Methodology

# Methodology: Sample

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## Sample Attributes



## General Methodology

- Net Difference Scores (NDS) will be used to demonstrate differences between the very top and very bottom categories of a stacked bar chart (e.g., strongly agree and strongly disagree).
  - The score is representative of the top category (e.g., strongly agree) minus the bottom category (e.g., strongly disagree). The purpose of this is to see the variance between extremes.
  - A high net difference score (e.g., 60%) indicates a favorable respondent output. Whereas, a low or negative net difference score (e.g., 0% or -7%) is indicative of a relationship that is more strongly negative than positive.
- The idea is to be able to separate the two or four most extreme points to see whether the scale is more positive or negative when the two sides are directly compared (and the neither/neutral position on the scale is not included).

## General Methodology

the ollinger group

- Throughout this document we report the mean, its standard error (s.e.), and an interval estimate based on the 95% confidence standard where appropriate. This makes it easy to identify statistically significant differences.
- The standard error of the mean is used to estimate the upper and lower bounds or limits of the mean of the population based on information from the survey sample. With 95% confidence, we say the mean of the population is between these upper and lower bounds.
- The interval estimate of the mean is represented by the upper and lower bounds.
  - The lower bound is the mean minus ~two times the standard error of the mean.
  - The upper bound is the mean plus ~two times the standard error of the mean.
- We present the mean as well as its standard error and an interval estimate, because it is necessary to take the upper and lower bounds into account when looking for statistically significant differences.
  - Although two item means may appear to be different, they are only statistically different when the lower bound of one item is greater than the upper bound of the item with a lower mean. If this condition does not hold we cannot conclude a real or meaningful difference in the population with the level of confidence (95%) used for the estimate.

# Detailed Results

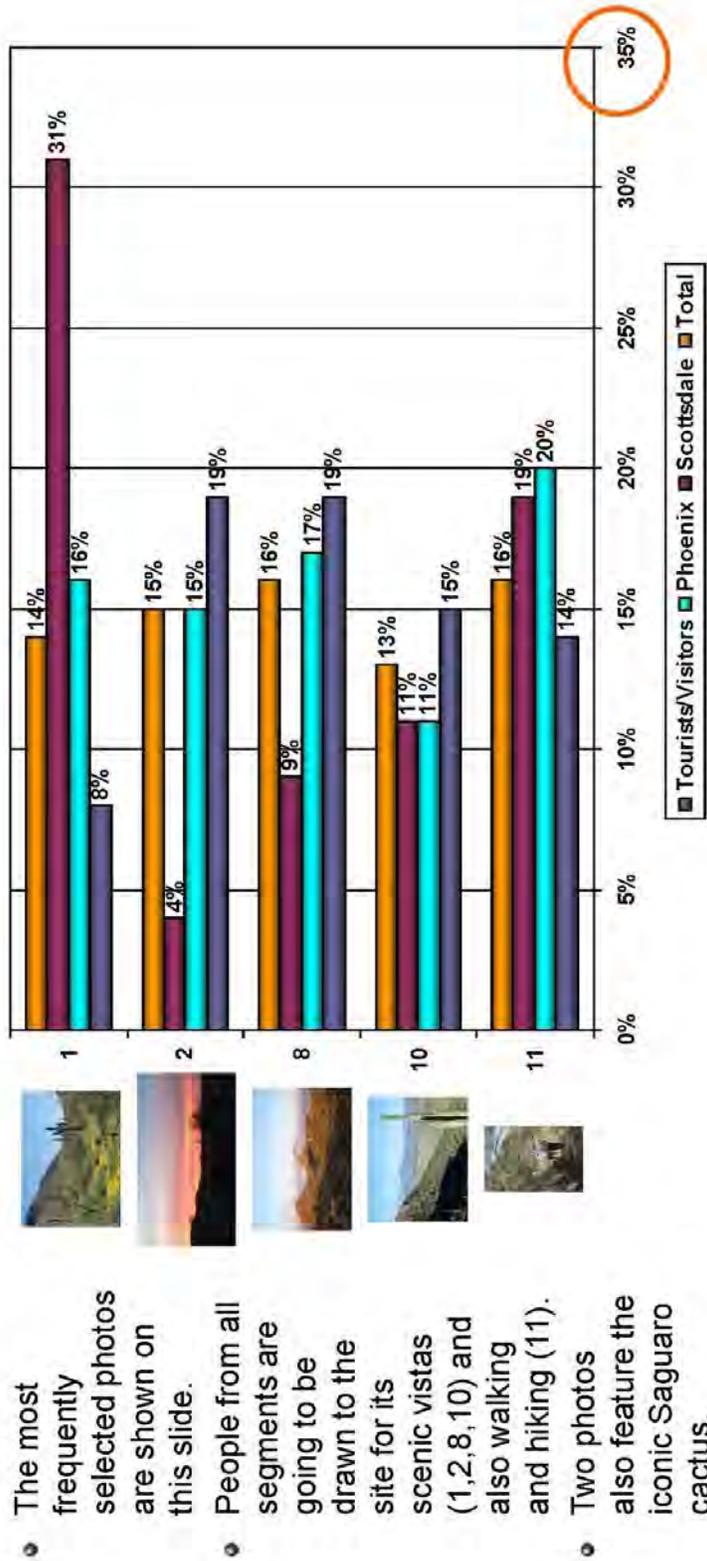
# Location

# O Detailed Results: Location

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## Desirability of McDowell Sonoran Preserve for DDC

- With these photos we provided respondents with images of the McDowell Sonoran Preserve site, setting the stage for the presentation of the DDC Proposal.
- We also asked respondents to tell us which image most motivates them to want to visit the area.



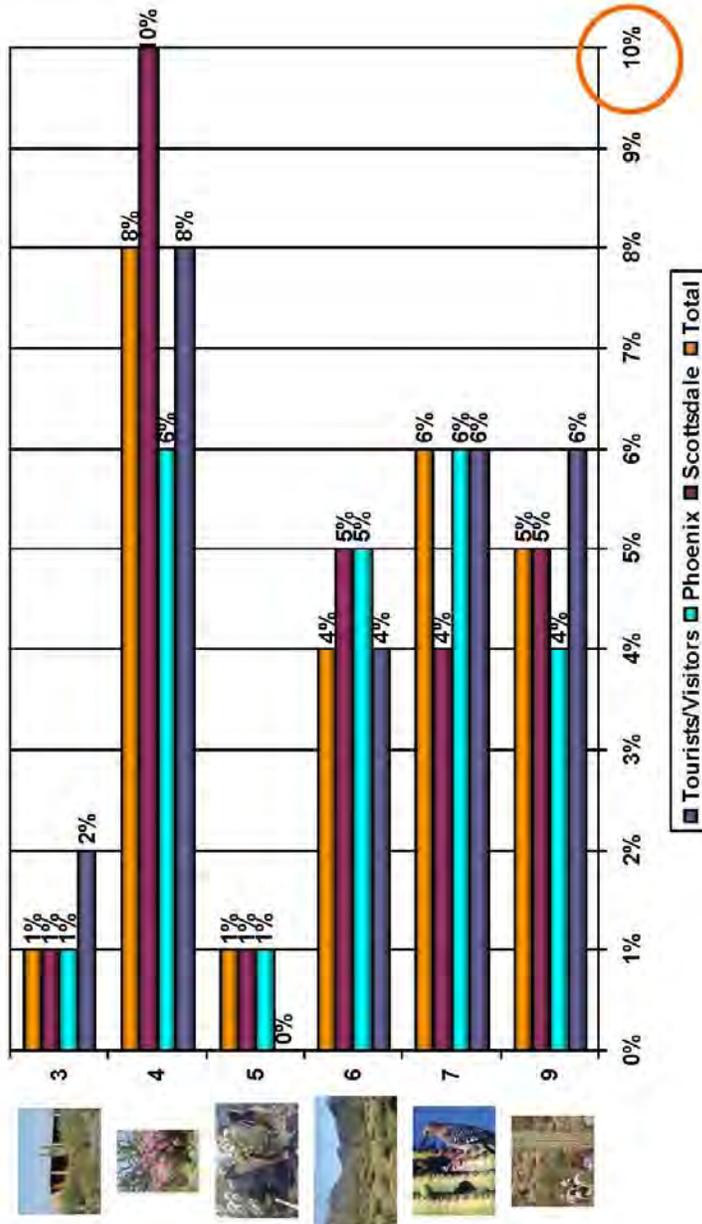
# O Detailed Results: Location

the olinger group

## Desirability of McDowell Sonoran Preserve for DDC

- Photos 1 and 5, which are least likely to make people want to visit the site, show the current trail head structure and an outdoor learning working scene.

- When results from Photos 11 and 9 are combined, we see that outdoor hiking attracts up to 20% of tourists/visitors who are implicitly more likely to prefer smaller groups.
- Far more respondents mentioned interest in bird watching earlier than selected the fauna photo with the bird.



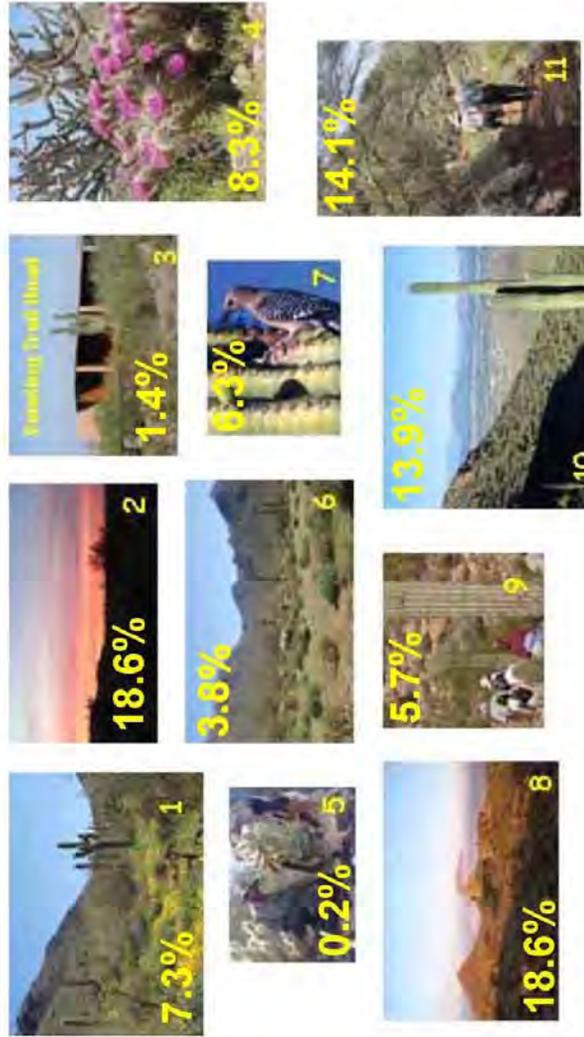
# Detailed Results: Location

## Tourists and Visitors response to the McDowell Sonoran Preserve Site for DDC

- Almost half (49%) of tourists/visitors say this is a desirable location for a proposed Desert Discovery Center.
- Clearly the scenic views of 2, 8, and 10 are most likely to motivate visits.
- Only about 20% select photos that show people and the two most frequently selected photos show people hiking or walking.

- Flora (4) and Fauna (7) are less likely to motivate a visit than scenic views.
- Among the least desirable images is that of the structure at the current trail head.

- It is interesting that photo 1, featuring the iconic Saguaro, is not among the most motivating images for tourists/visitors.



Desert Discovery Center  
CONCEPT

# Detailed Results: DDC Concept

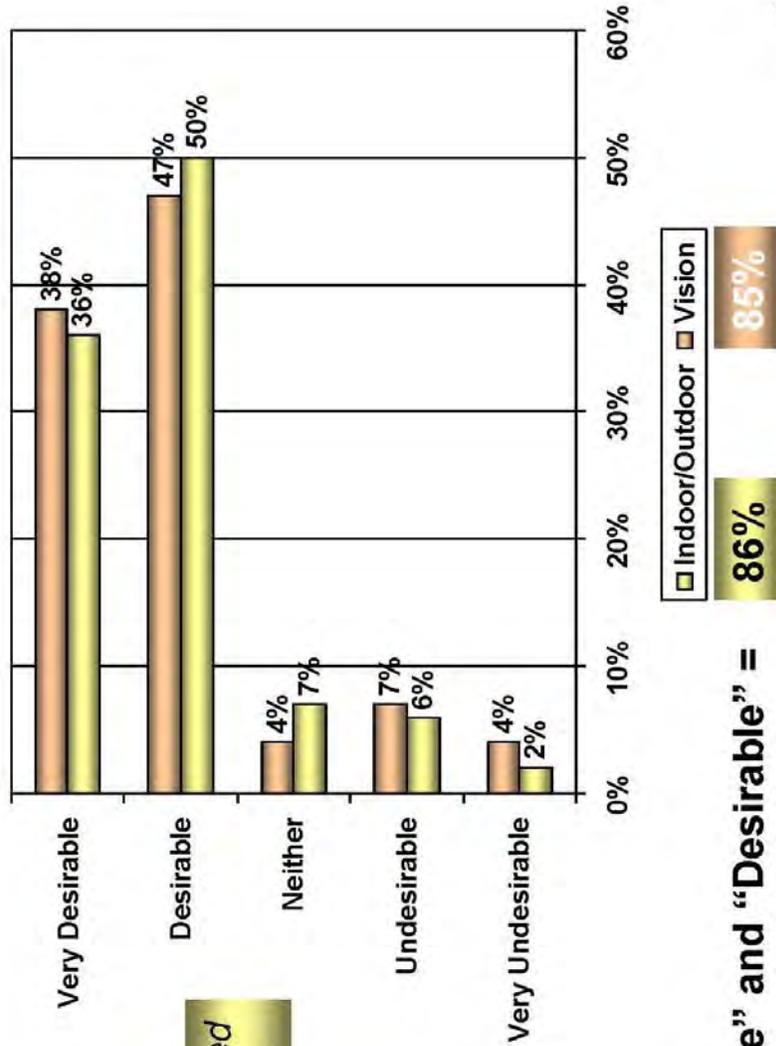
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## Layout and Vision of Desert Discovery Center Scottsdale Residents

The **indoor/outdoor layout** for the proposed Desert Discovery Center is very well received (85% desirable or very desirable).



As is this **vision** for the proposed Desert Discovery Center (86%).



”Very Desirable” and “Desirable” =



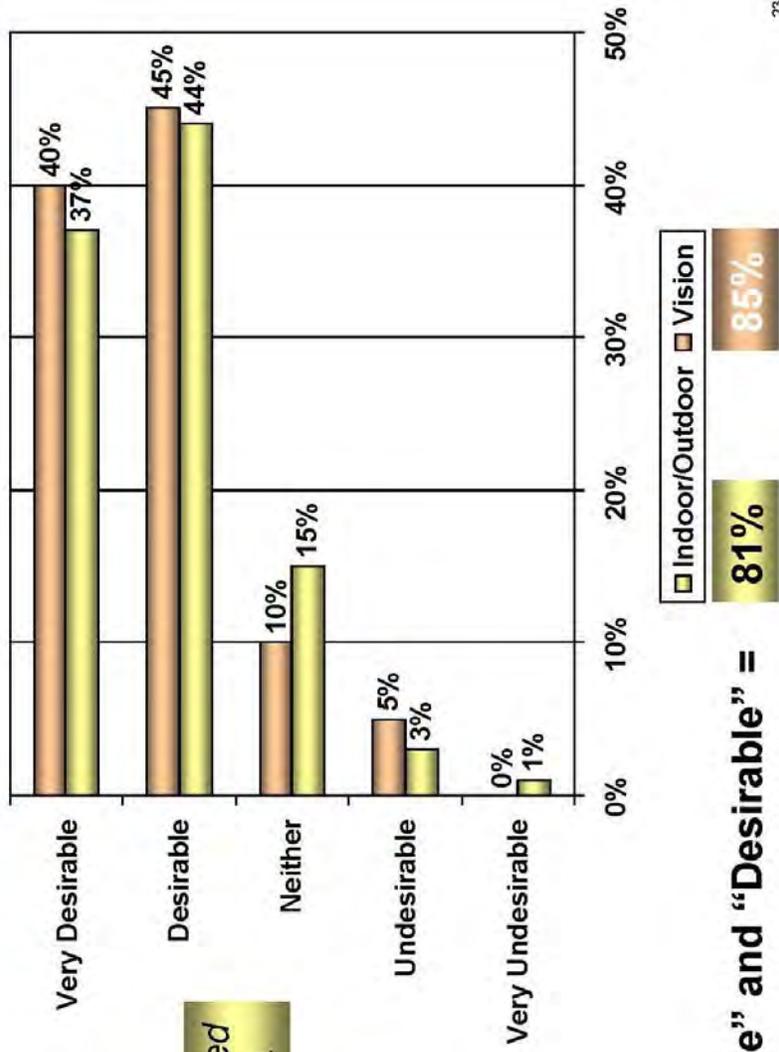
# Detailed Results: DDC Concept

## Layout and Vision of Desert Discovery Center Phoenix-Area Residents

The **indoor/outdoor layout** for the proposed Desert Discovery Center is very well received (85% desirable or very desirable).



As is this **vision** for the proposed Desert Discovery Center (81%).





# Detailed Results: DDC Concept

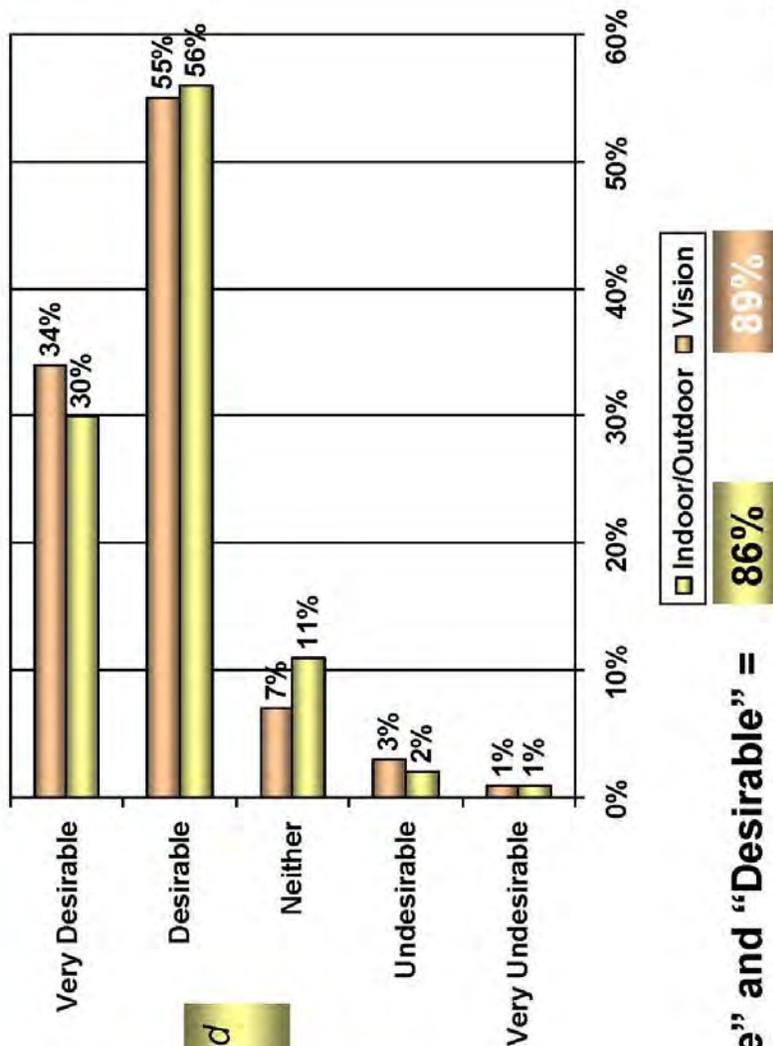
## Layout and Vision of Desert Discovery Center

Tourists/Visitors

The **indoor/outdoor layout** for the proposed Desert Discovery Center is very well received (89% desirable or very desirable).



As is this **vision** for the proposed Desert Discovery Center (86%).



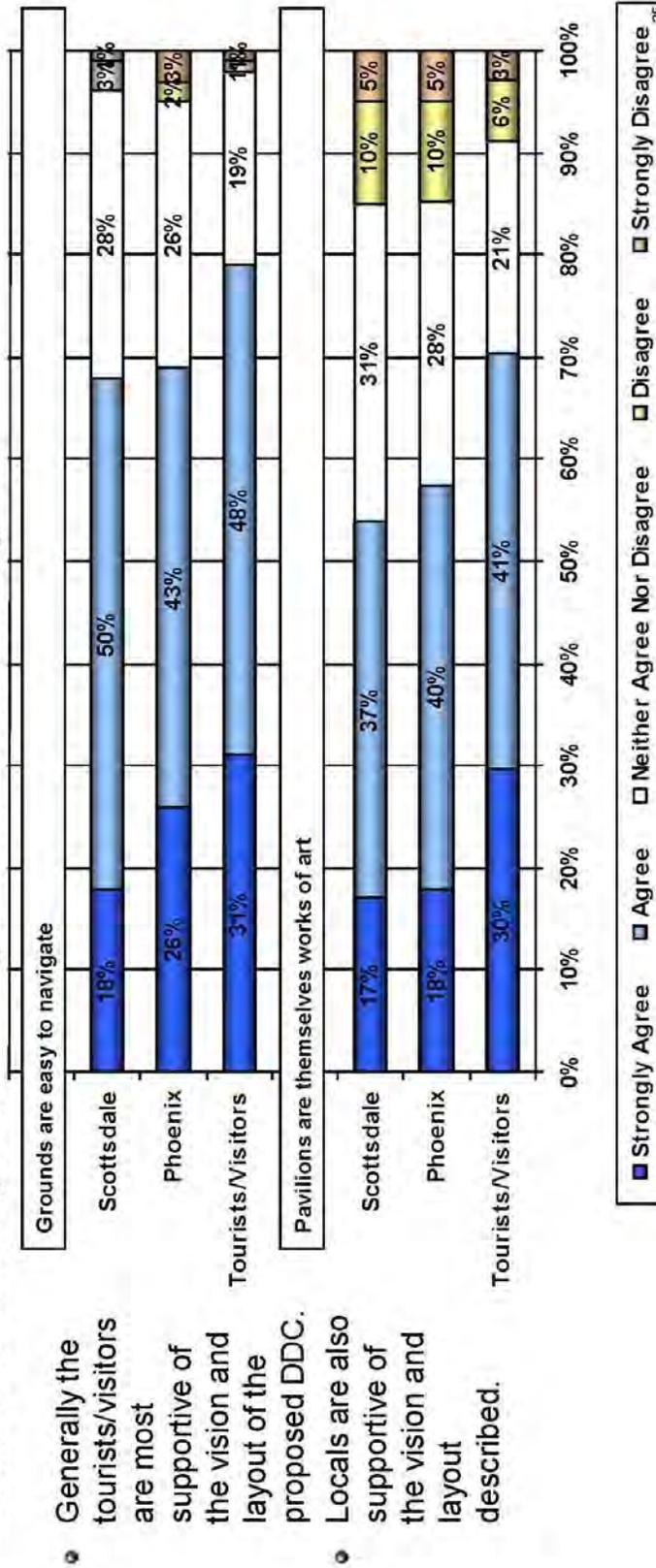
”Very Desirable” and “Desirable” =



# Detailed Results: DDC Concept

## Orientations Toward Layout and Vision of Desert Discovery Center

- Respondents were asked to “Help us better understand what you think and how you feel about Scottsdale’s proposed Desert Discovery Center. Based on what you have seen so far tell us how well each of the following statements reflects your impressions of the proposed Desert Discovery Center.”
- Agreement is near or greater than 70% for all orientations tested except the evaluation of the Pavilions for which agreement was greater than 50% for all segments.



# O Detailed Results: DDC Concept

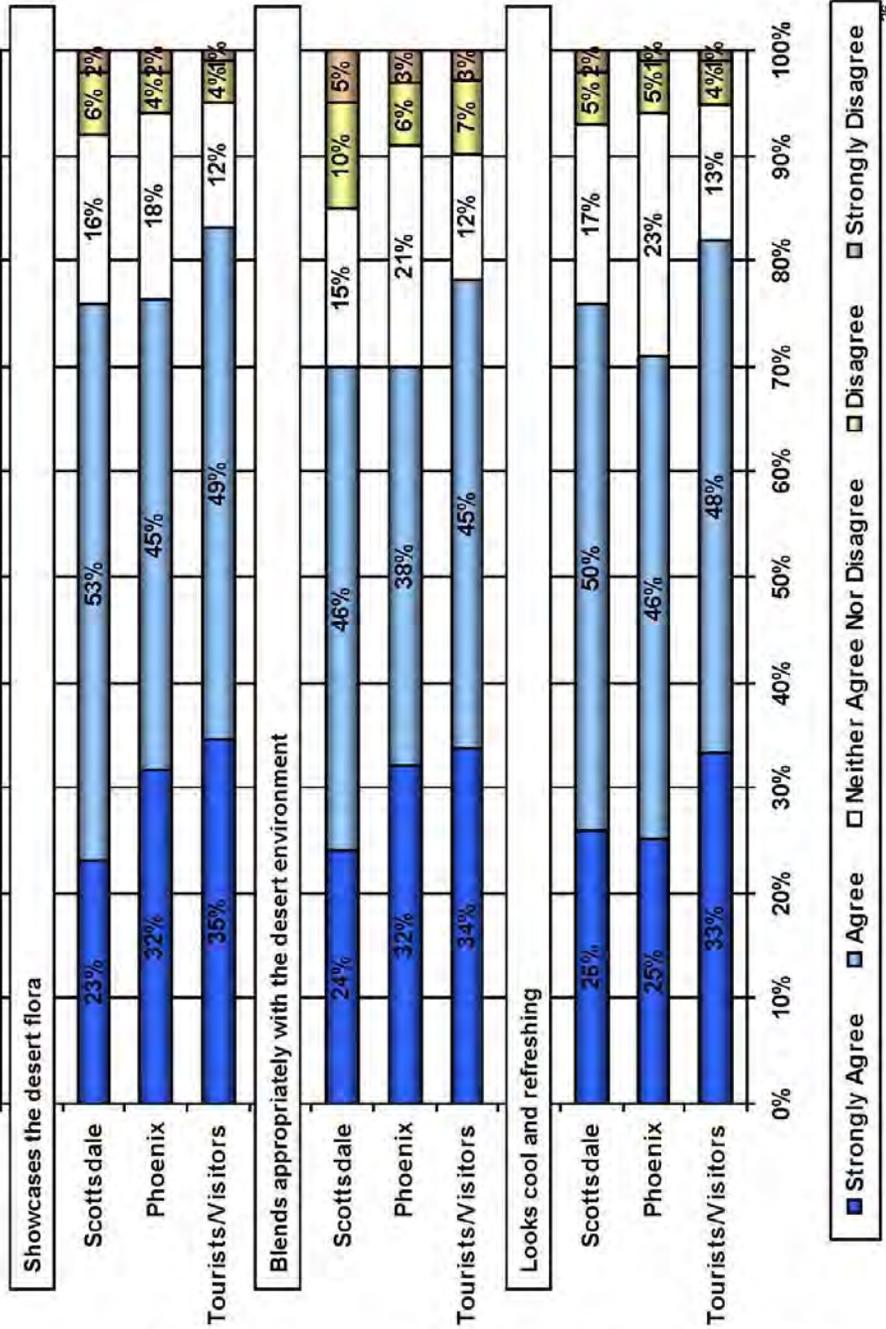
the olinger group

## Orientations Toward Layout and Vision of Desert Discovery Center

- Generally the tourists/visitors are marginally more positive about the look and feel of DDC.

- Seventy to eighty percent (70-80+%) of all respondents agree that the vision for DDC blends appropriately with the desert setting showcasing desert flora.

- While highlighting the desert setting most respondents say the proposed DDC looks cool and refreshing.



# Detailed Results: DDC Concept

## DDC Goals

- Respondents were presented with the following description of GOALS for the proposed DDC. They were then asked to identify the most and least important of these goals from which we inferred rankings.

### **Desert Discovery Center GOALS**

#### **INCREASE**

Appreciation and Understanding of desert and its eco-system.

#### **ENHANCE**

Quality of Life and Tourism.

#### **INSPIRE**

Use, Enjoyment, and Conservation.

#### **SERVE**

Area residents of Scottsdale and Greater Phoenix.

#### **PROVIDE**

Gateway to McDowell Sonoran Preserve,

Immersive desert experiences,

Educational programs,

Superior visitor amenities.

# Detailed Results: DDC Concept

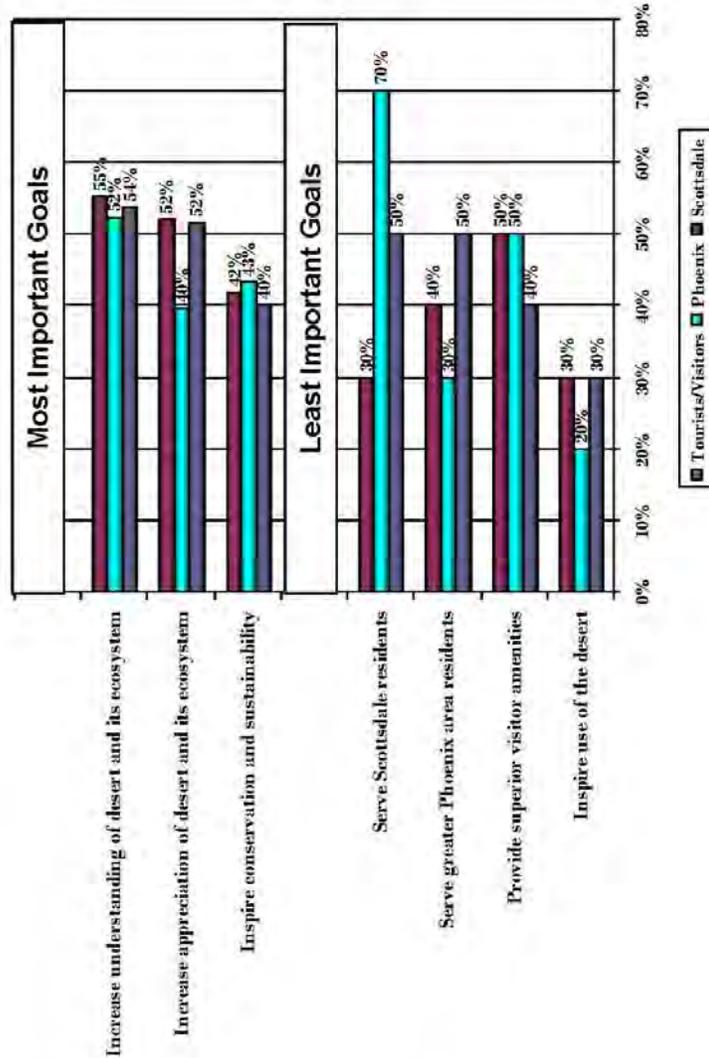
(the ollinger group)

## DDC Goals

• Respondents were presented with the following description of GOALS for the proposed DDC. They were then asked to identify the most and least important of these goals from which we inferred rankings.

• The most important goals for the proposed DDC focus on understanding and appreciation of the desert eco-system and inspiration to conserve and sustain it.

• The least important goals for the proposed DDC are related to differing opinions on service to local residents and inspiring use of the desert.



# Immersive Experience



# Detailed Results: Immersive Experience

## Magical World - Immersive Experience

## Scottsdale Residents

- The immersive experience and its Magical World concept is positively received by Scottsdale residents.
  - Despite the marginal differences, dimensional analysis indicates that Scottsdale resident evaluations are very consistent across the concept and the four story board ideas.
  - Only GEOLOGIC TIME has a weaker loading on the single underlying attitudinal dimension, suggesting it fits least well with the other components of the Magical World concept. (This conclusion is not drawn from the percentages reported, rather from dimensional analysis which indicates that response to GEOLOGIC TIME is least related to the other story boards.)

How desirable do you think it is to incorporate an immersive multi-media experience into a destination attraction at the McDowell Preserve in Scottsdale?



How desirable is a segment like SUNRISE?



How desirable is a segment like SUNSET?

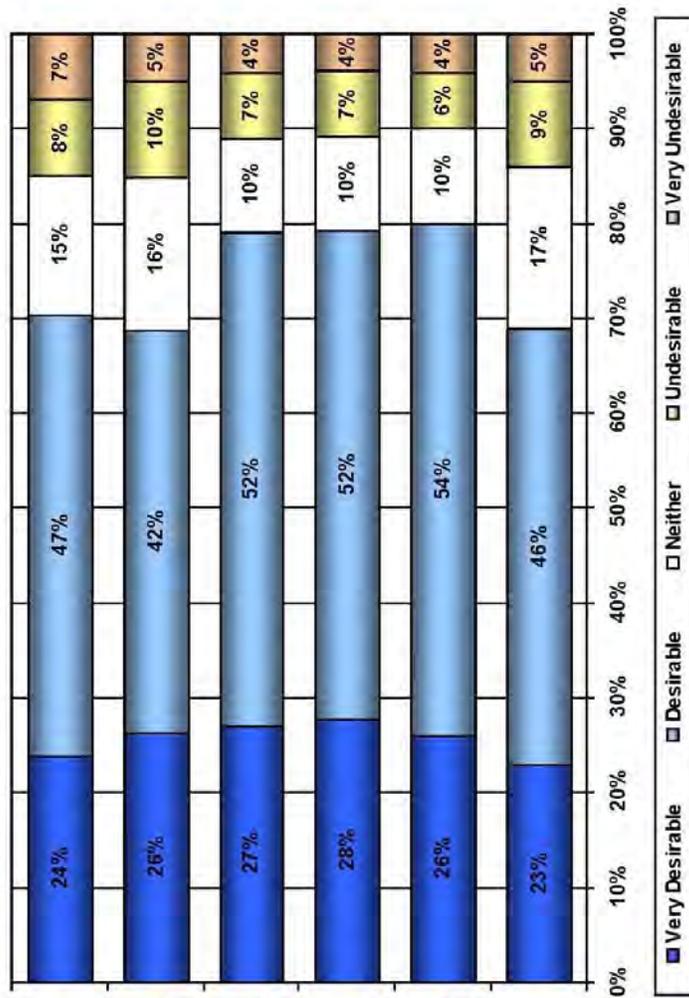


How desirable is a segment like DESERT AT NIGHT?



How desirable is a segment like GEOLOGIC TIME?

How desirable do you think it is to incorporate THIS immersive multi-media experience MAGICAL WORLD into a destination attraction at the McDowell Preserve in Scottsdale?





# Detailed Results: Immersive Experience

## Magical World - Immersive Experience

## Phoenix-Area Residents

- The immersive experience and its Magical World concept is positively received by Phoenix-area residents.
  - Despite the marginal differences, dimensional analysis indicates that Phoenix-area resident evaluations are very consistent across the concept and the four story board ideas.
  - Only GEOLOGIC TIME has a weaker loading on the single underlying attitudinal dimension, suggesting it fits least well with the other components of the Magical World concept. (This conclusion is not drawn from the percentages reported, rather from dimensional analysis which indicates that response to GEOLOGIC TIME is least related to the other story boards.)

How desirable do you think it is to incorporate an immersive multi-media experience into a destination attraction at the McDowell Preserve in Scottsdale?



How desirable is a segment like SUNRISE?



How desirable is a segment like SUNSET?

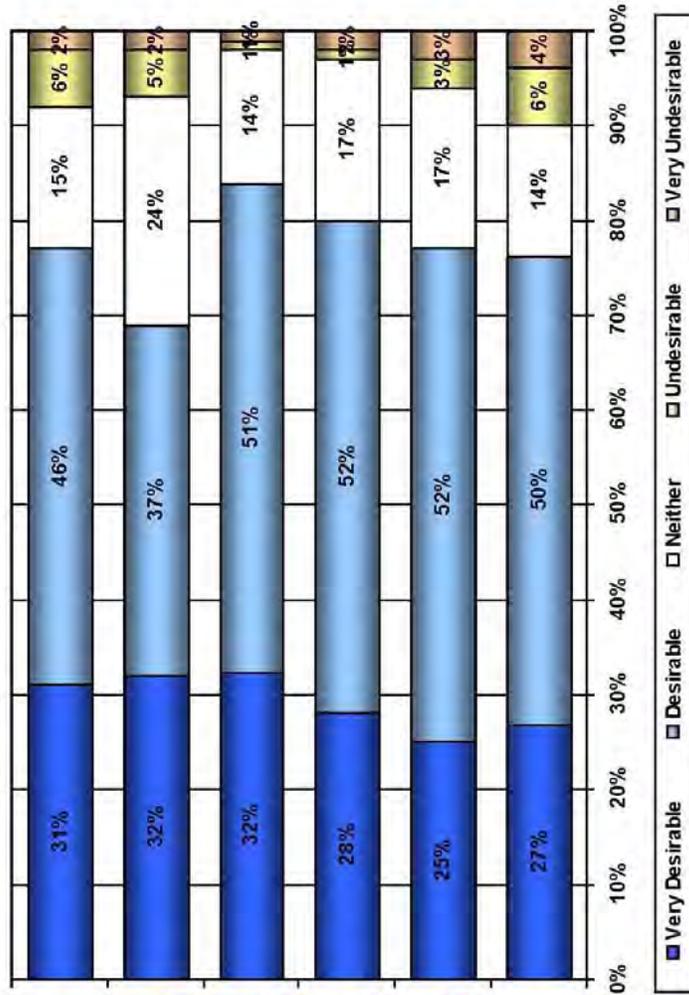


How desirable is a segment like DESERT AT NIGHT?



How desirable is a segment like GEOLOGIC TIME?

How desirable do you think it is to incorporate THIS immersive multi-media experience MAGICAL WORLD into a destination attraction at the McDowell Preserve in Scottsdale?





# Detailed Results: Immersive Experience

## Magical World - Immersive Experience

## Tourists/Visitors

- The immersive experience and its Magical World concept is positively received by tourists/visitors.
  - Despite the marginal differences, dimensional analysis indicates that tourist/visitor evaluations are very consistent across the concept and the four story board ideas.
  - Only GEOLOGIC TIME has a weaker loading on the single underlying attitudinal dimension, suggesting it fits least well with the other components of the Magical World concept. (This conclusion is not drawn from the percentages reported, rather from dimensional analysis which indicates that response to GEOLOGIC TIME is least related to the other story boards.)

How desirable do you think it is to incorporate an immersive multi-media experience into a destination attraction at the McDowell Preserve in Scottsdale?



How desirable is a segment like SUNRISE?



How desirable is a segment like SUNSET?

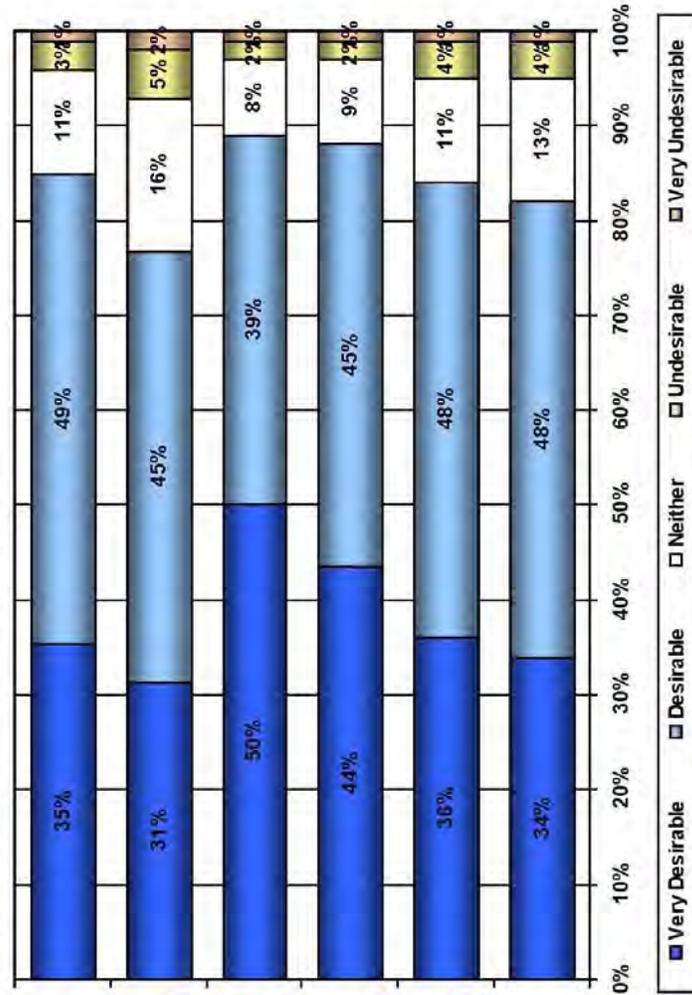


How desirable is a segment like DESERT AT NIGHT?



How desirable is a segment like GEOLOGIC TIME?

How desirable do you think it is to incorporate THIS immersive multi-media experience MAGICAL WORLD into a destination attraction at the McDowell Preserve in Scottsdale?



# Exhibits



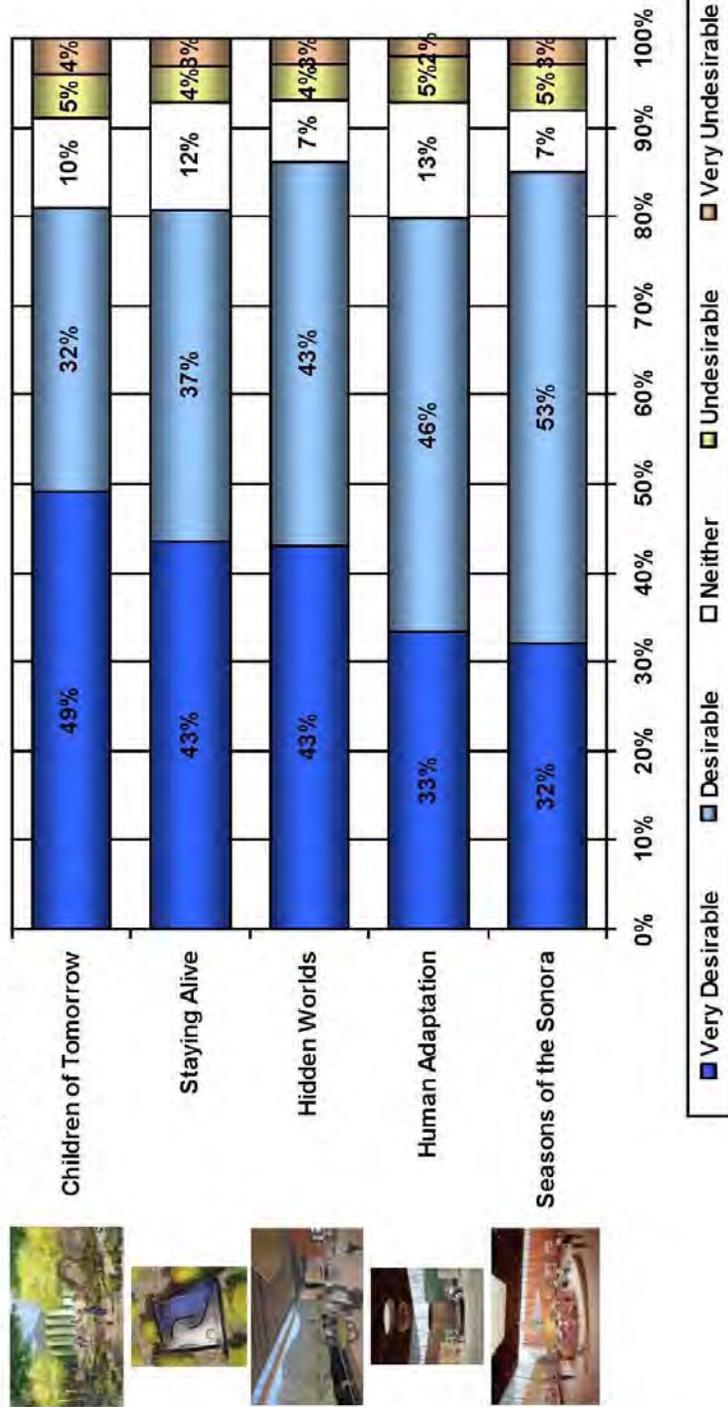
# Detailed Results: Exhibits

## Evaluation of EXHIBIT Concepts

## Scottsdale Residents

- All of the exhibit concepts test very positively; 30-50% find them very desirable and more than 80% find all exhibit concepts desirable.
- Despite the marginal differences shown here, dimensional analysis indicates that a single underlying positive orientation drives all these evaluations.
- This order is not the same as that derived from a ranking exercise reported on the next set of slides.

### EXHIBITS





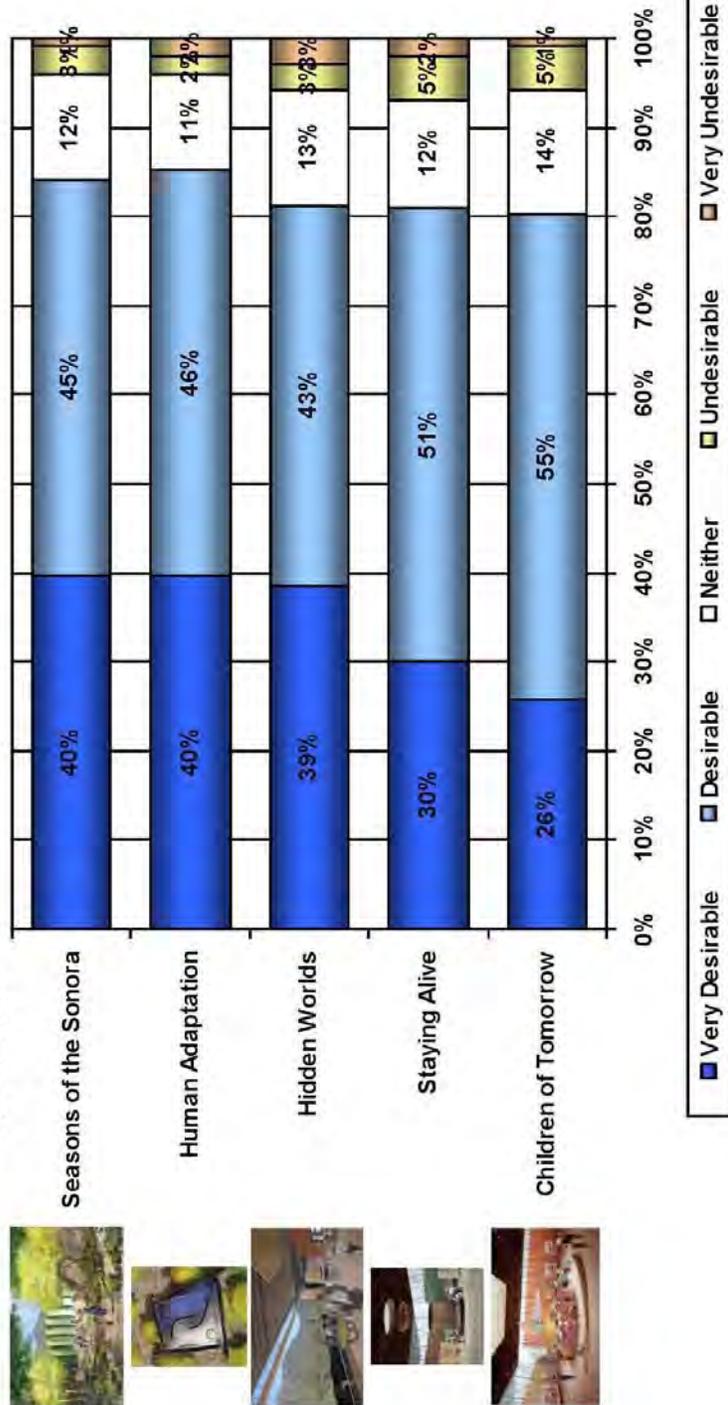
# Detailed Results: Exhibits

## Evaluation of EXHIBIT Concepts

## Phoenix-Area Residents

- All of the exhibit concepts test very positively; 25-40% find them very desirable and more than 80% find all exhibit concepts desirable.
- Despite the marginal differences shown here, dimensional analysis indicates that a single underlying positive orientation drives all these evaluations.
- This order is not the same as that derived from a ranking exercise reported on the next set of slides.

### EXHIBITS





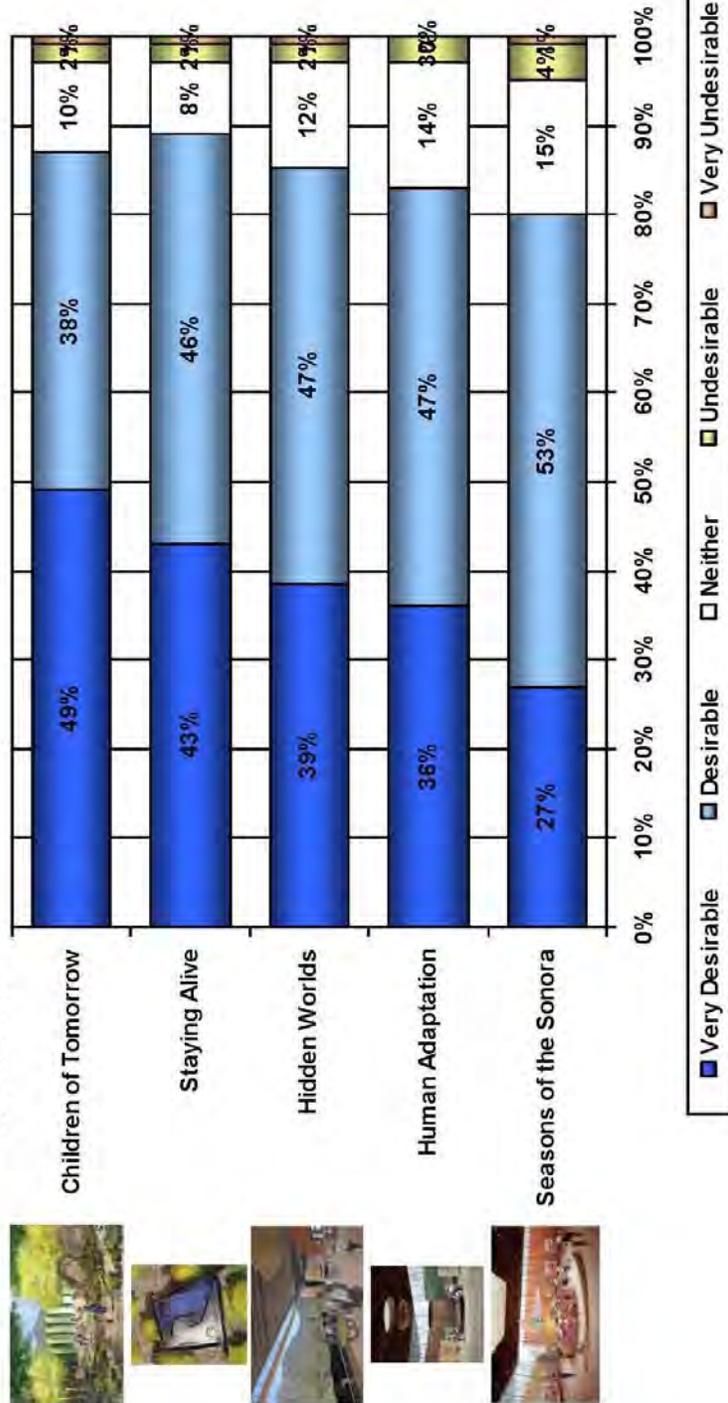
# Detailed Results: Exhibits

## Evaluation of EXHIBIT Concepts

## Tourists/Visitors

- All of the exhibit concepts test very positively; 25-50% find them very desirable and more than 80% find all exhibit concepts desirable.
- Despite the marginal differences shown here, dimensional analysis indicates that a single underlying positive orientation drives all of these evaluations.
- This order is not the same as that derived from a ranking exercise on the next slide.

### EXHIBITS



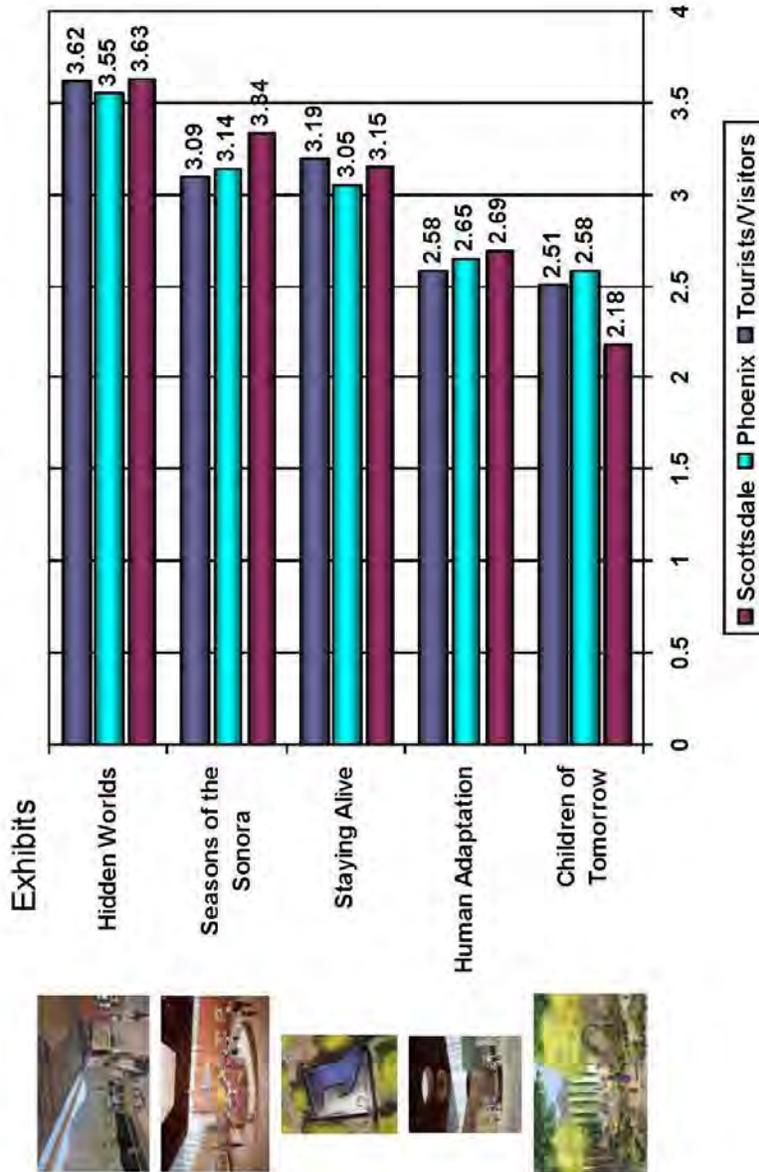


## Detailed Results: Exhibits

### Rank of EXHIBIT Concepts by Choice

- Ranking of concepts is based on "wanting to experience" the exhibit.
- Ranking here reverses the position of *Children of Tomorrow* which was identified as the most desirable concept for inclusion while here lowest in terms of "want to experience" by the adult respondents.
- Based on ratings and rankings, *Staying Alive* is most preferred of the tested exhibit concepts.

Order of rankings based on Scottsdale residents.



# Amenities

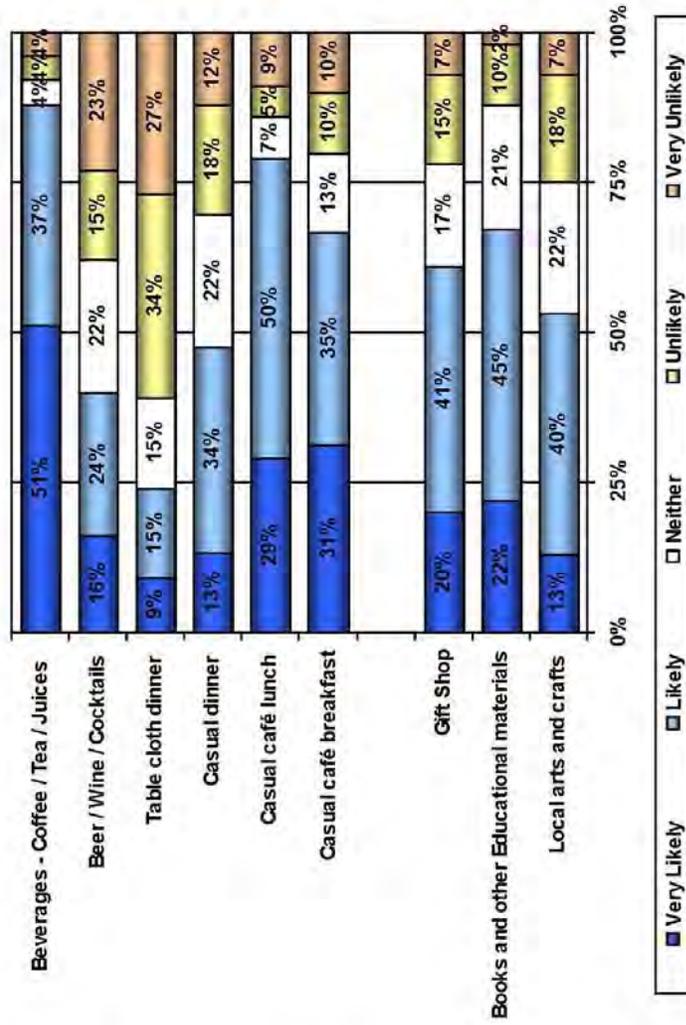


# Detailed Results: Amenities

## Usage by Scottsdale Residents

• Beverages (89%) and food in the form of casual dinner, breakfast, and café lunch (47-79%) are likely to be used by Scottsdale residents. Slightly fewer Phoenix residents and significantly fewer tourists/visitors are likely to partake in food and beverage offerings.

- About 40% of Scottsdale residents say they are likely to partake of beer, wine and cocktails at DDC.
- Relatively few (24%) Scottsdale residents say they are likely to use DDC for a table cloth dinner, slightly less than Phoenix residents and about half the percentage of tourists/visitors.
- More than half of Scottsdale residents are likely to use a DDC gift shop for educational materials and local arts and crafts.



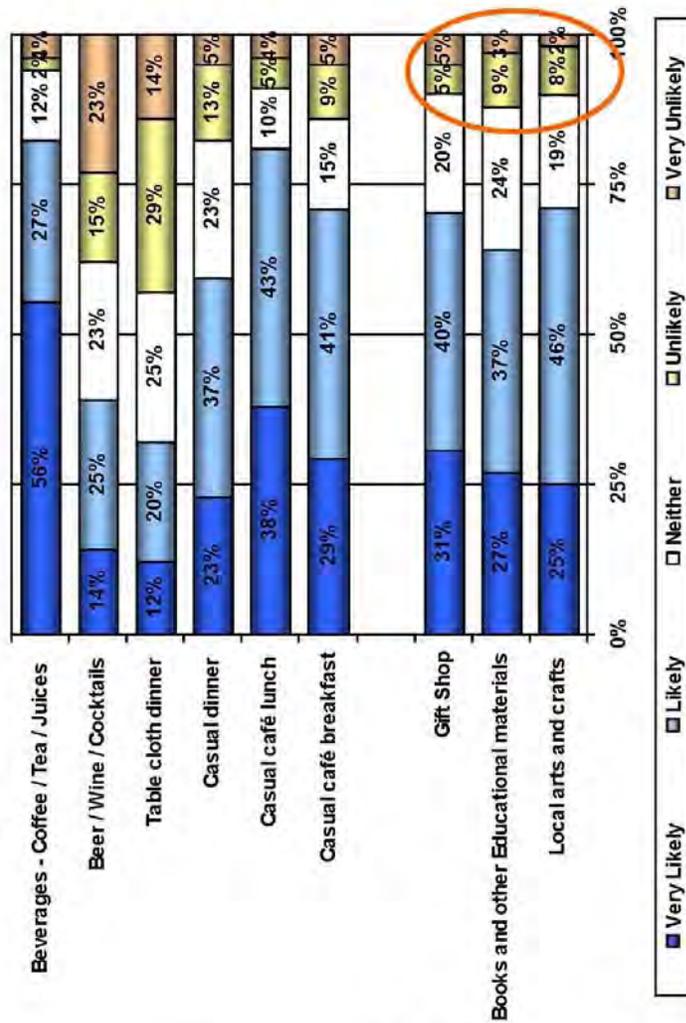


# Detailed Results: Amenities

## Usage by Phoenix Residents

- Beverages (83%) and food in the form of casual dinner, breakfast, and café lunch (63-81%) are likely to be used by Phoenix residents.
- About 39% of Phoenix residents are likely to use beer, wine and cocktails at DDC.

- Nearly one-third of Phoenix residents say they are likely to use the DDC location for a table cloth dinner, or about half as many as are likely to have a casual dinner.
- Only about 10% of Phoenix residents say they are unlikely to use a gift shop and related items at DDC.



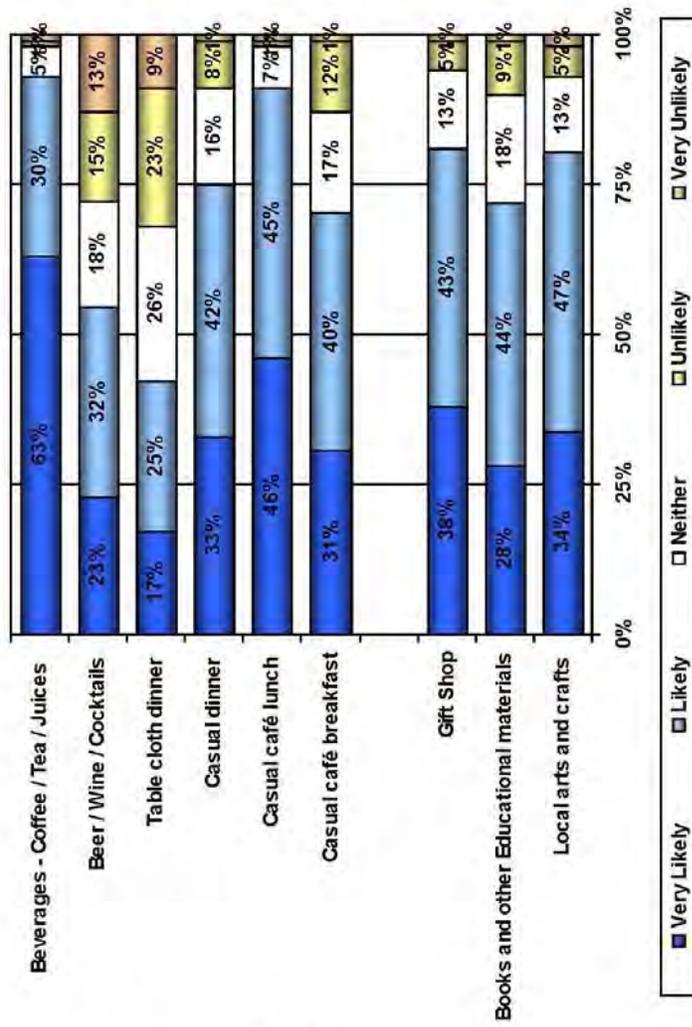
# Detailed Results: Amenities

the olinger group

## Usage by Tourists/Visitors

- Tourists/visitors are likely to consume beverages (93%) and food in the form of breakfast, casual dinner, and café lunch (70-90%) from DDC.

- More tourists/visitors say (>50%) are likely to consume beer, wine, and cocktails at DDC compared to about 40% of local residents.
- More tourists/visitors (80+% ) say they are likely to use the gift shop with educational materials and local arts and crafts at DDC.



# Size and Scope



# Detailed Results: Size and Scope of DDC

## Size and Scope of Desert Discovery Center Project

- There is widespread agreement across the market segments that the proposed DDC is “just right” in terms of size and scope for its desert setting, for Scottsdale and the greater Phoenix area.

| <b>Scottsdale Residents</b>                  |                  |                   |                |
|----------------------------------------------|------------------|-------------------|----------------|
| <i>SIZE and SCOPE of the project for ...</i> | <i>Too Small</i> | <i>Just Right</i> | <i>Too Big</i> |
| The Desert Location                          | 2.5              | 73.6              | 23.9           |
| The City of Scottsdale                       | 3.6              | 82.0              | 14.4           |
| The Greater Phoenix-Scottsdale Area          | 4.4              | 91.3              | 4.2            |
| <b>Phoenix-Area Residents</b>                |                  |                   |                |
| <i>SIZE and SCOPE of the project for ...</i> | <i>Too Small</i> | <i>Just Right</i> | <i>Too Big</i> |
| The Desert Location                          | 3.1              | 80.4              | 16.6           |
| The City of Scottsdale                       | 3.6              | 82.0              | 14.4           |
| The Greater Phoenix-Scottsdale Area          | 3.2              | 89.4              | 7.4            |
| <b>Tourists/Visitors</b>                     |                  |                   |                |
| <i>SIZE and SCOPE of the project for ...</i> | <i>Too Small</i> | <i>Just Right</i> | <i>Too Big</i> |
| The Desert Location                          | 6.1              | 79.8              | 14.1           |
| The City of Scottsdale                       | 5.4              | 84.7              | 9.9            |
| The Greater Phoenix-Scottsdale Area          | 8.2              | 88.4              | 3.4            |

- The proposed DDC is not too small by any of the standards tested.
- For some (15-25%) the proposed DDC may be too big for the DESERT location but not for The City of Scottsdale or the Greater-Phoenix Area.
- For most (average 83%), the proposed DDC is “just right” for the desert location, The City of Scottsdale and the metro-area.

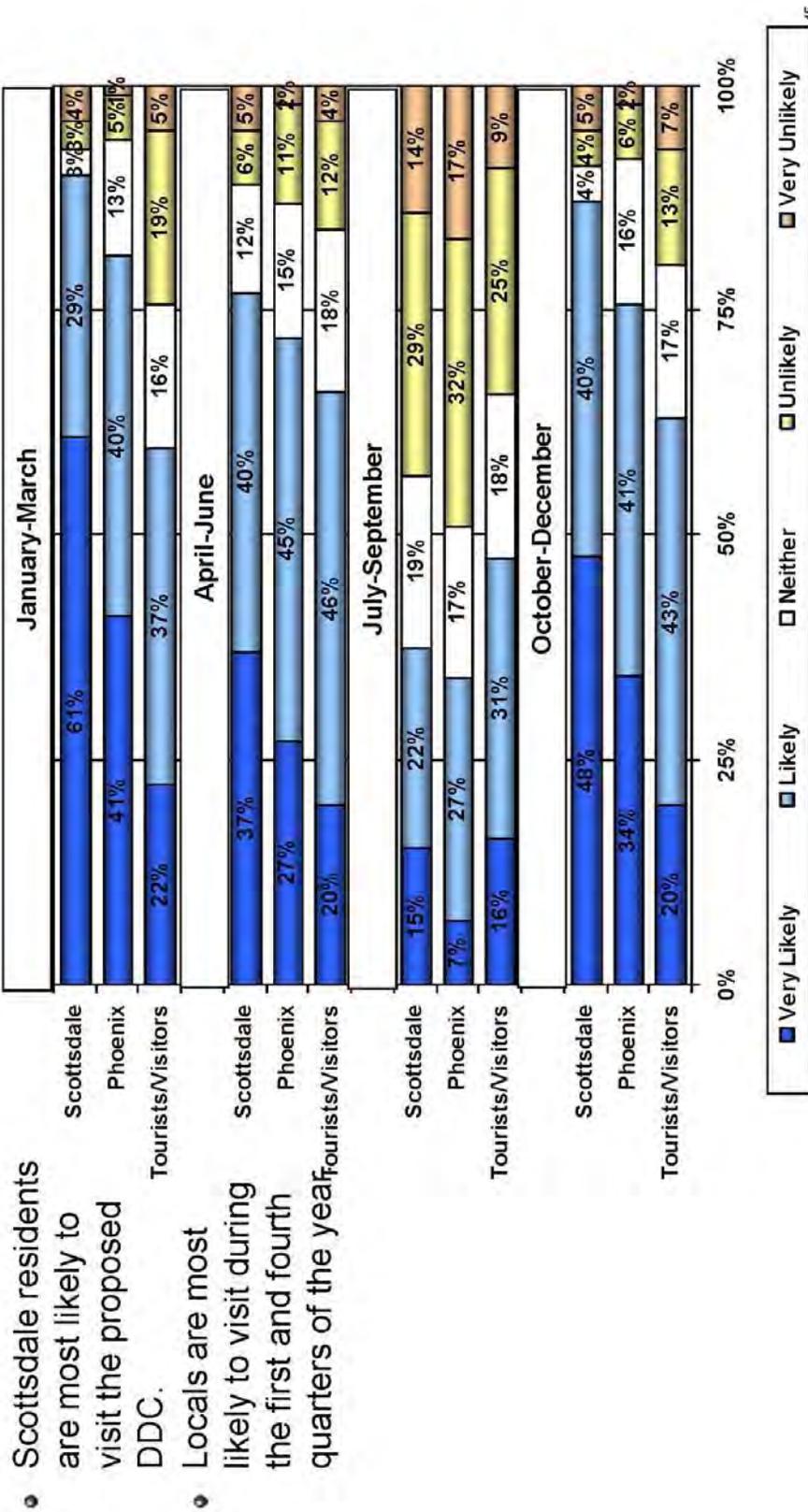
# Attendance

# Detailed Results: Attendance

the olinger group

## Likelihood of Visiting DDC by Season of the Year

• Respondents indicated their likelihood of visiting DDC in each quarter of the year.



- Scottsdale residents are most likely to visit the proposed DDC.
- Locals are most likely to visit during the first and fourth quarters of the year.

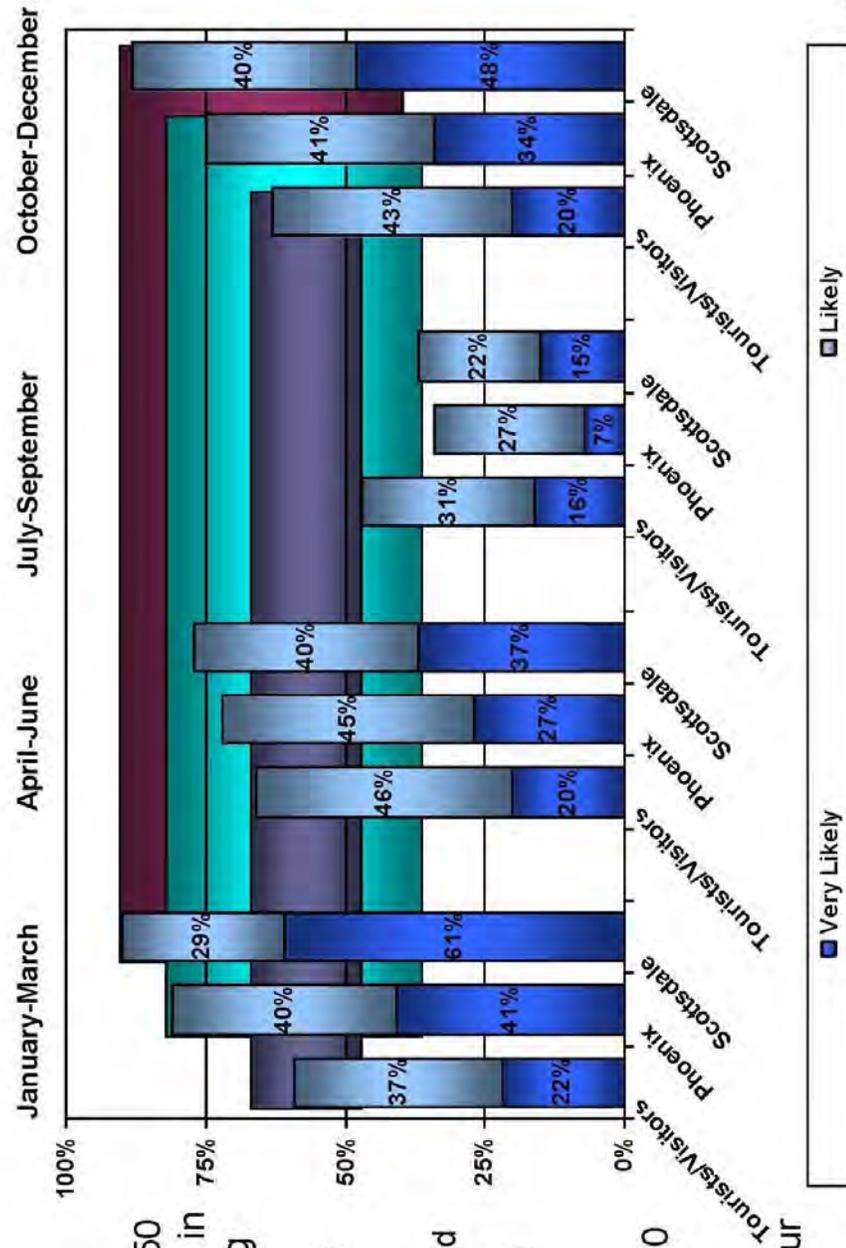
# Detailed Results: Attendance

the olinger group

## Likelihood of Visiting DDC by Season of the Year

• Respondents indicated their likelihood of visiting DDC in each quarter of the year.

- Locals report a similar pattern of seasonal variation (changes of up to 50 percentage points) in likelihood of visiting DDC.
- This variation is consistent with seasonal expectations and expected high temperatures in the area.



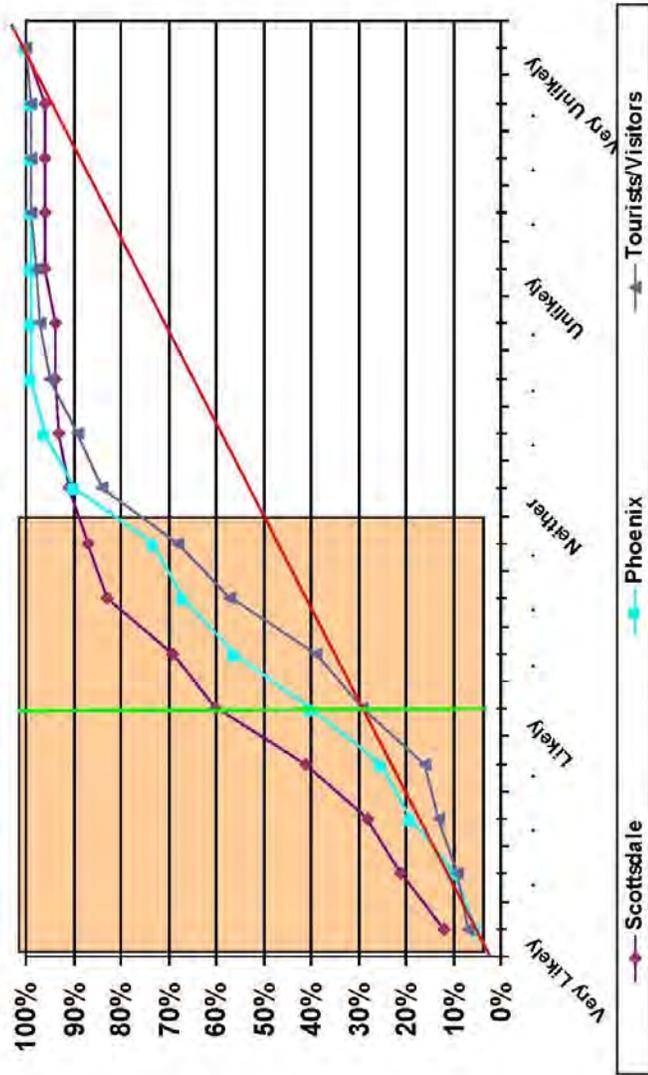
- Tourists/visitors report only about 20 percentage points difference in likely visits across the four quarters tested.

# Detailed Results: Attendance

the olinger group

## Likelihood of Visiting DDC

- Respondents told us how likely they were to visit each quarter of the year and here we combine those results into a single measure to estimate likelihood of visiting DDC. This cumulative frequency distribution (cfd) shows the average likelihood of visiting across the year of respondents in the three geographic segments.
- Sixty percent (60%) of Scottsdale residents and 40% of Phoenix area residents are more than "likely" to visit over the course of a year.
- Thirty percent (30%) of tourists/visitors are more than "likely" to visit DDC when in the metro-area.
- No more than 20% of all respondents say they are unlikely to visit DDC.



# Detailed Results: Attendance

the olinger group

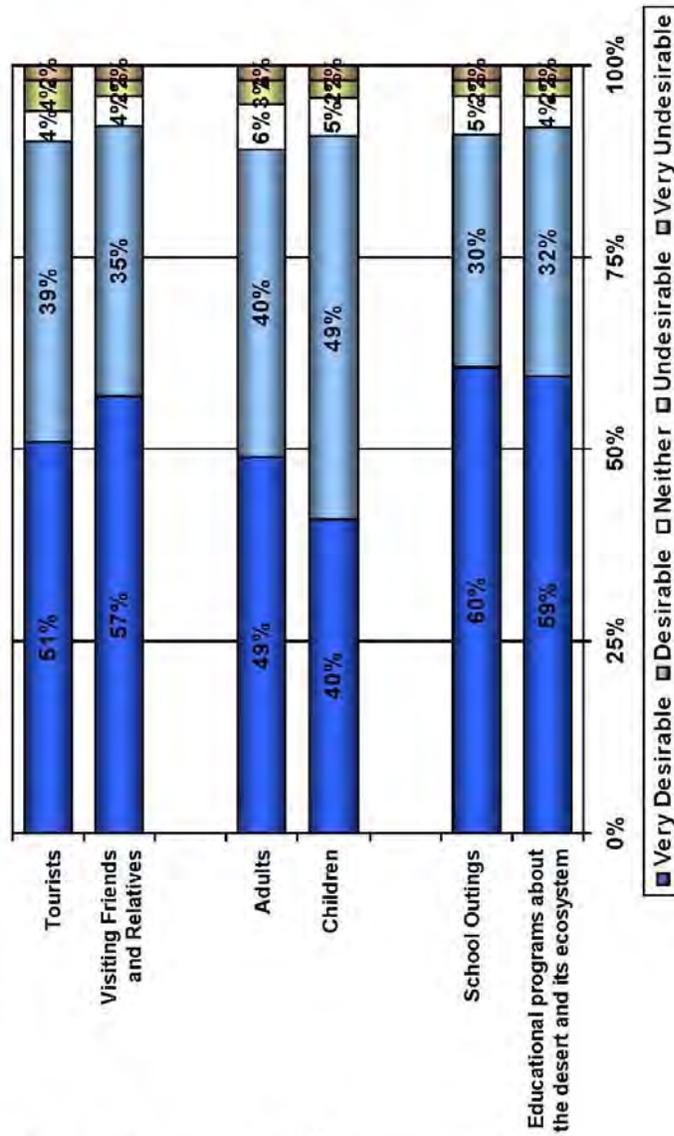
## Target Audiences and Functions of DDC

## Scottsdale Residents

Scottsdale residents say DDC is desirable for all target audiences and functions tested. There are no differences between geographic segments on these target audiences and functions.

Scottsdale residents say DDC is marginally more desirable for visiting family and relatives than tourists.

Scottsdale residents see the Proposed DDC as an educational facility focused on the desert eco-system that can be used for school outings.



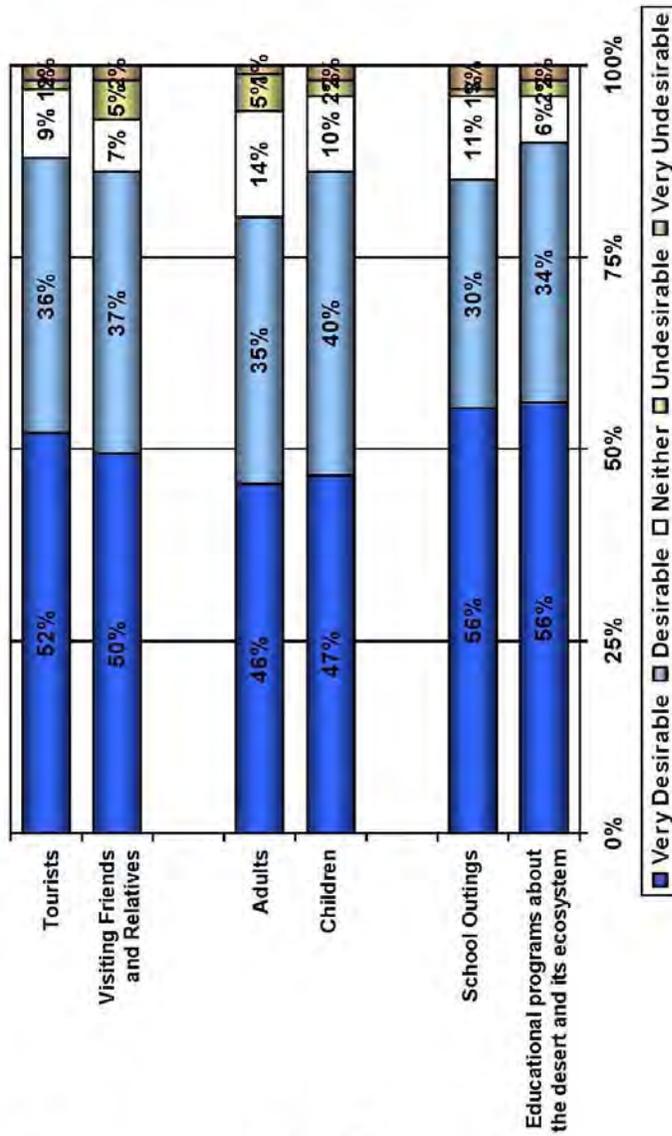
# Detailed Results: Attendance

the olinger group

## Target Audiences and Functions of DDC Phoenix Area Residents

Phoenix residents say DDC is desirable for all target audiences and functions tested. There are no differences between geographic segments on these target audiences and functions.

- Phoenix residents say it is marginally more desirable for Children than Adults.
- Phoenix residents see the proposed DDC as a venue for educational programs focused on the desert eco-system that can be used for school outings.



# Detailed Results: Attendance

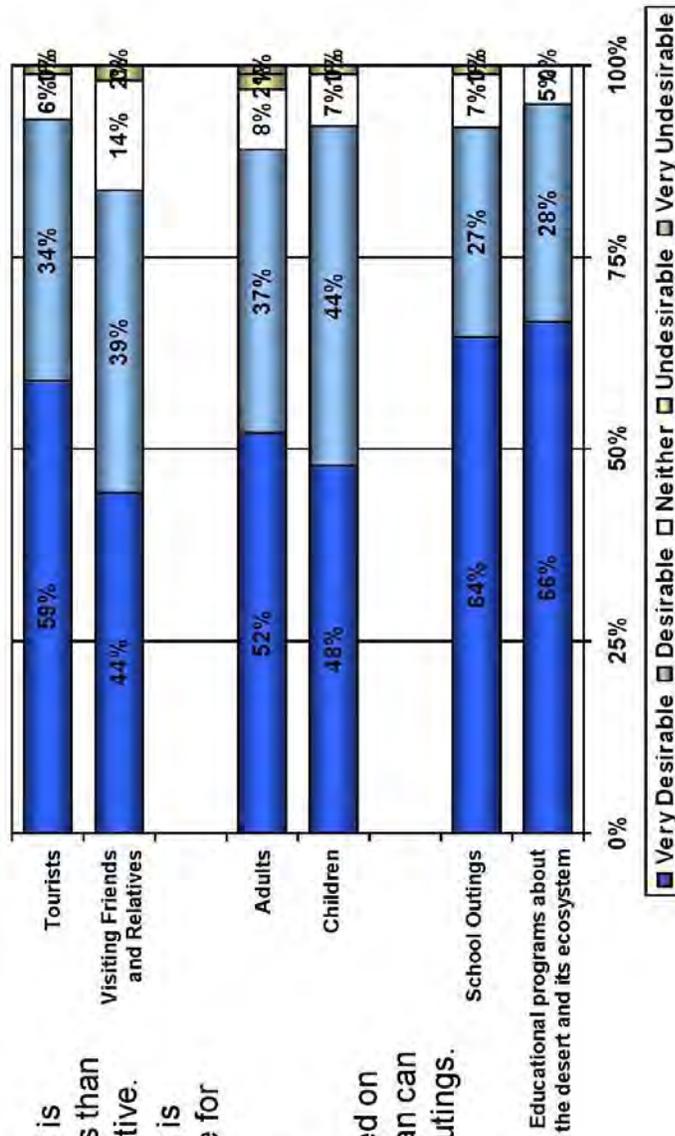
the olinger group

## Target Audiences and Functions of DDC

## Tourists/Visitors

• Tourists/Visitors say DDC is desirable for all target audiences and functions tested. There are no differences between geographic segments on these target audiences and functions.

- Tourists/Visitors say DDC is more desirable for tourists than for visiting family and relative.
- Tourists/Visitors say DDC is marginally more desirable for Children than Adults.
- Tourists/Visitors see the proposed DDC as an educational facility focused on the desert eco-system than can also be used for school outings.

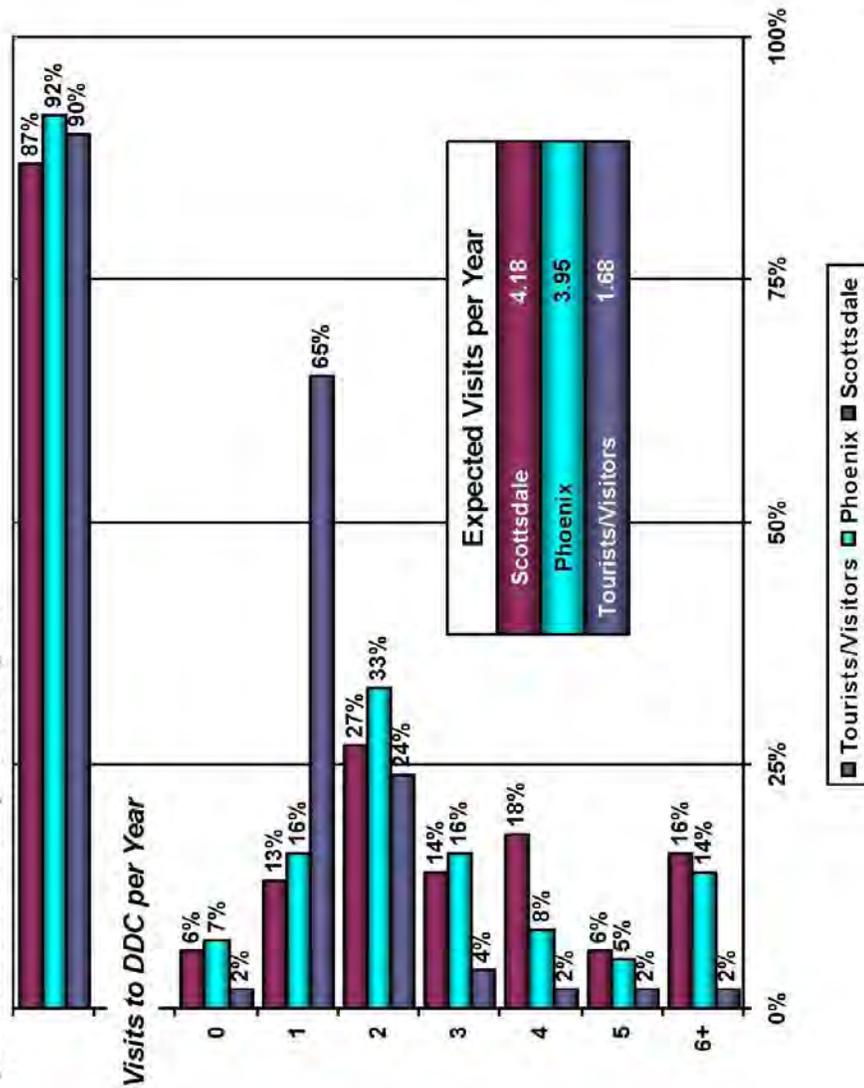


# Detailed Results: Attendance

(the ollinger group)

## Likelihood of multiple Visits to DDC

If you visit DDC would you visit again?



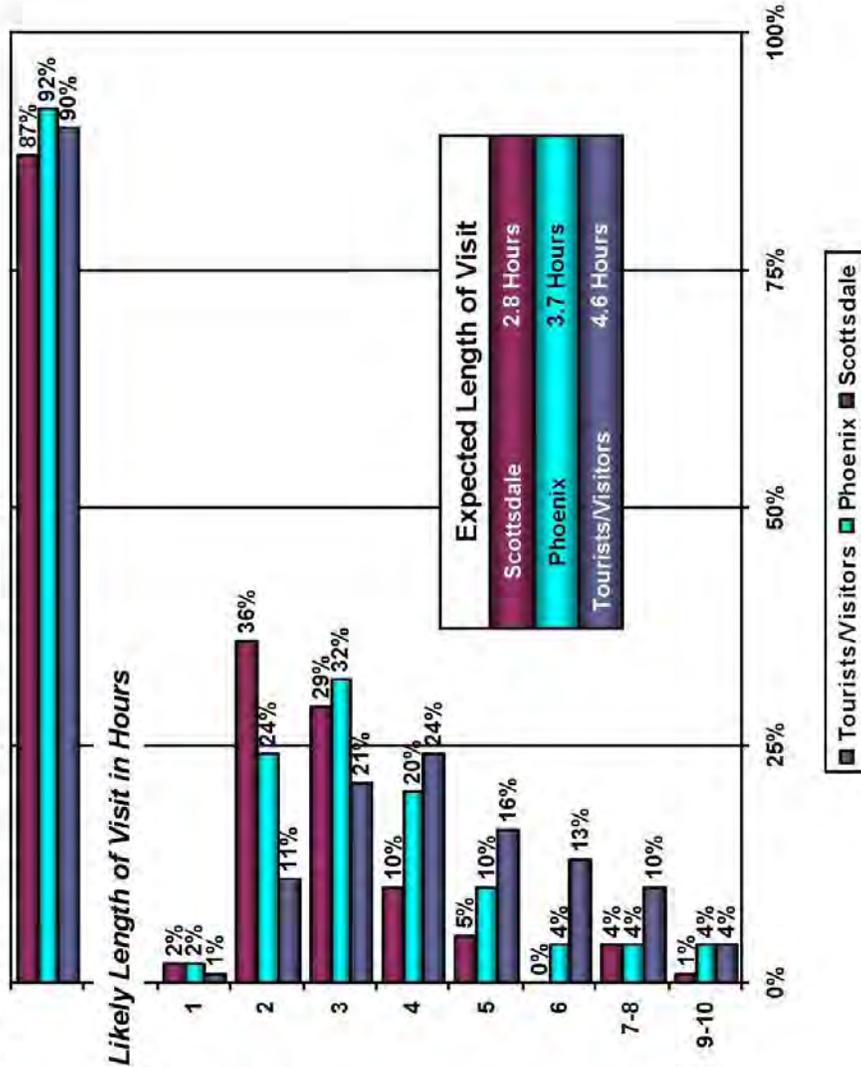
- Nearly all respondents (87-92%) say they are likely to visit DDC more than once.
- More than half of Scottsdale residents say they are likely to visit DDC three or more times each year.
- About the same percentage of Phoenix residents say they are likely to visit DDC two or three times each year.
- The expected number of visits each year is about the same for all locals.
- While most tourists/visitors are likely to visit only once a year, as many as one-third of them say they would visit more than once a year.

# Detailed Results: Attendance

(the ollinger group)

## Visiting DDC

If you visit DDC would you visit again?



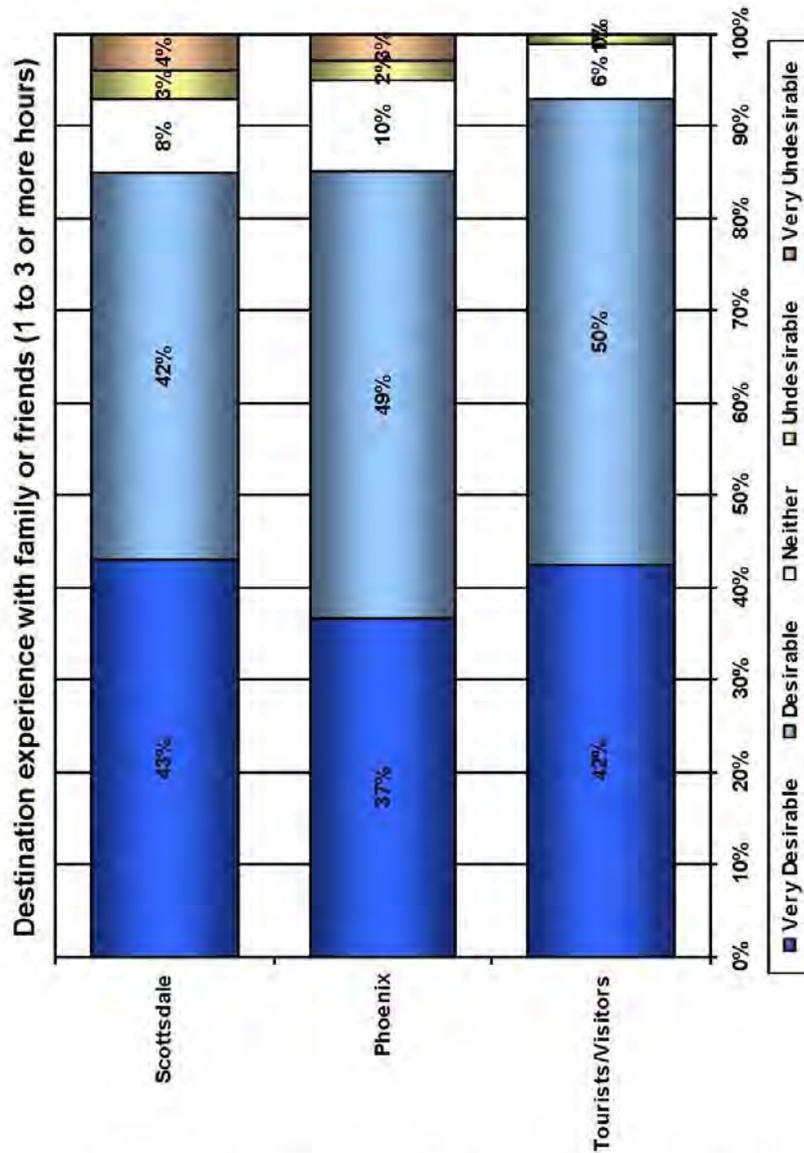
- Nearly all respondents (87-92%) say they are likely to visit DDC more than once.
- Most (98%) of visitors say they are likely to stay for more than one hour.
- Scottsdale residents are likely to have the shortest visits, on average slightly less than three hours.
- Tourists/Visitors say they are likely to have the longest visits, about four and one-half hours.

# Usage

# O Detailed Results: Usage

(the ollinger group)

## Destination Attraction - Desirability



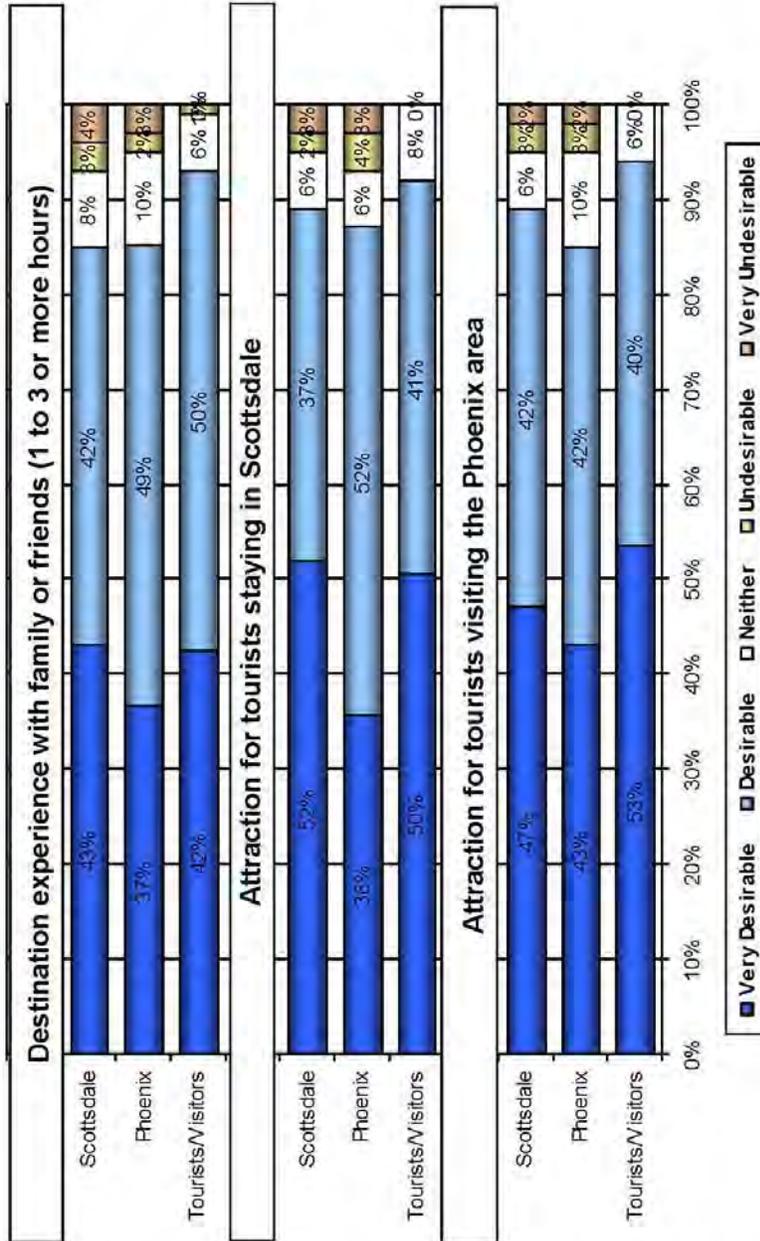
- Tourists/Visitors are marginally more likely to say DDC is a desirable destination experience with family and friends.
- About 85% of locals say DDC is a desirable destination experience with family and friends.
- Scottsdale residents are marginally more likely to say DDC is a desirable destination experience with family and friends compared to other Phoenix area residents.

# Detailed Results: Usage

the olinger group

## Destination Attraction - Desirability

- There is near universal agreement (more than 90% of each segment tested) that DDC is a desirable attraction for tourists whether staying in Scottsdale or elsewhere in the Phoenix area.



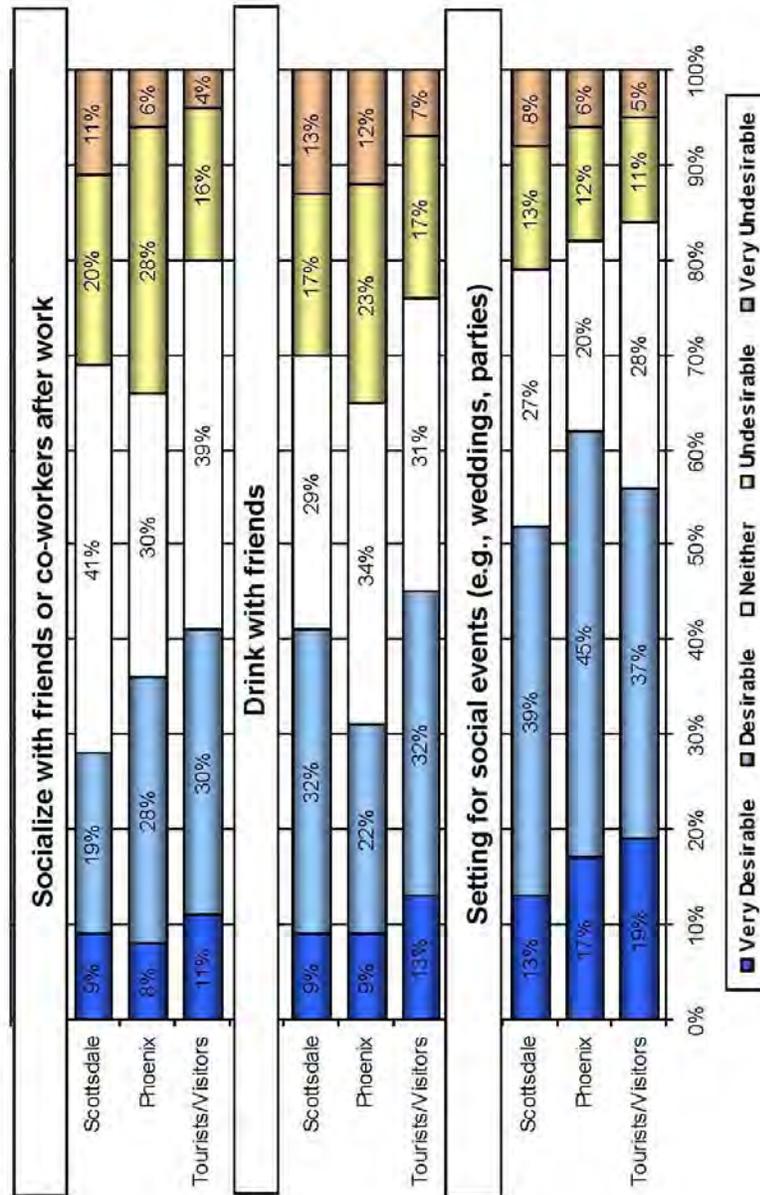
# Detailed Results: Usage

the olinger group

## Destination Attraction - Desirability

• About one-third of respondents say DDC would be a desirable destination to socialize with friends and co-workers after work. This percentage is slightly greater for non-Scottsdale local residents.

- Scottsdale residents (41%), say DDC would be a desirable location for drinks with friends.
- More than half of respondents (and more than 60% of Phoenix residents) say DDC would be a desirable location for social events.





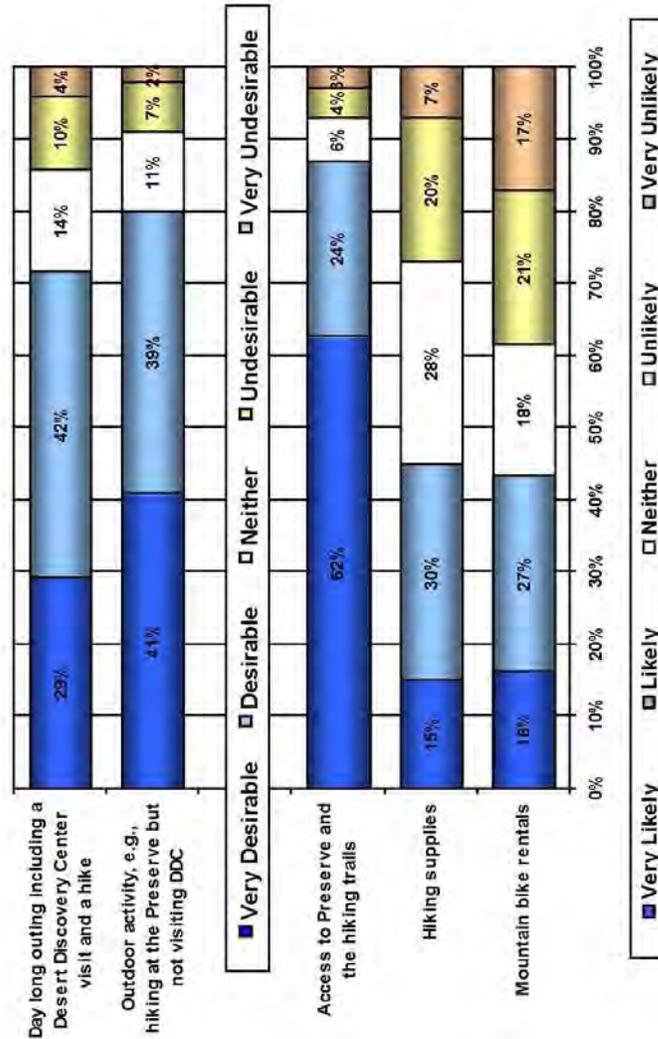
# Detailed Results: Usage

## Scottsdale Residents

• Many respondents (at least 80%) say the proposed DDC is desirable for outdoor activities.

• More Scottsdale residents see DDC as desirable for shorter visits compared to the other groups.

• More than half of Scottsdale residents who understand that DDC will provide access to the McDowell Preserve and its hiking trails, say they are likely to purchase hiking supplies or rent mountain bikes.





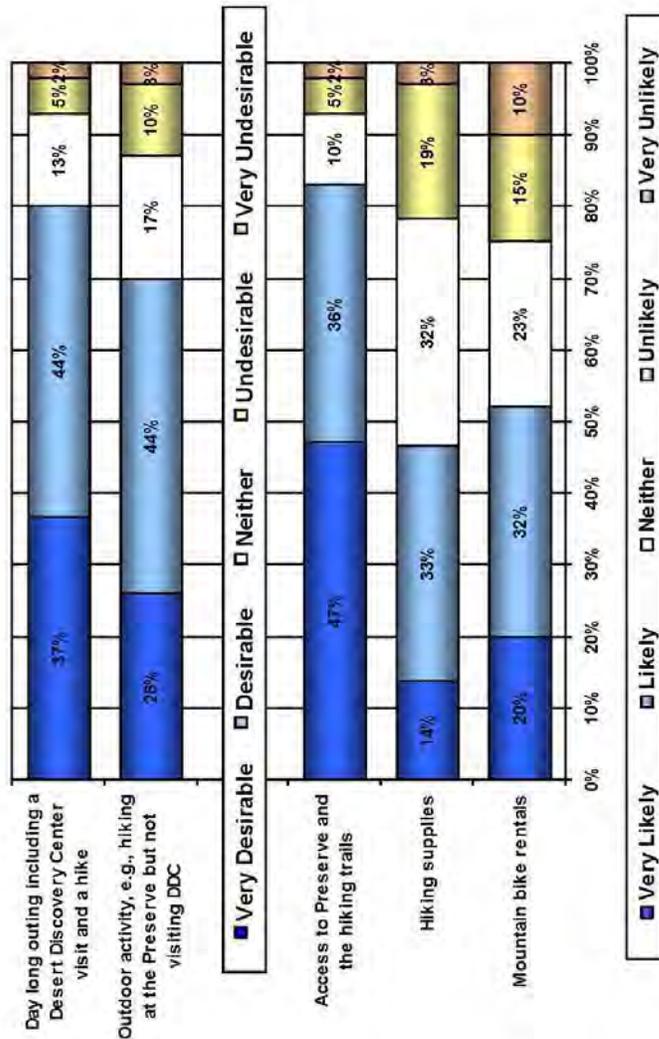
## Detailed Results: Usage

### Phoenix Residents

- Many respondents (at least 80%) say the proposed DDC is desirable for outdoor activities.

- More Phoenix residents see DDC as desirable for day trips compared to Scottsdale residents.
- More than half of Phoenix residents who understand that DDC will provide access to the McDowell Preserve and its hiking trails say they are likely to purchase hiking supplies or rent mountain bikes.

- Phoenix residents are more likely to say they are interested in mountain biking than Scottsdale residents.





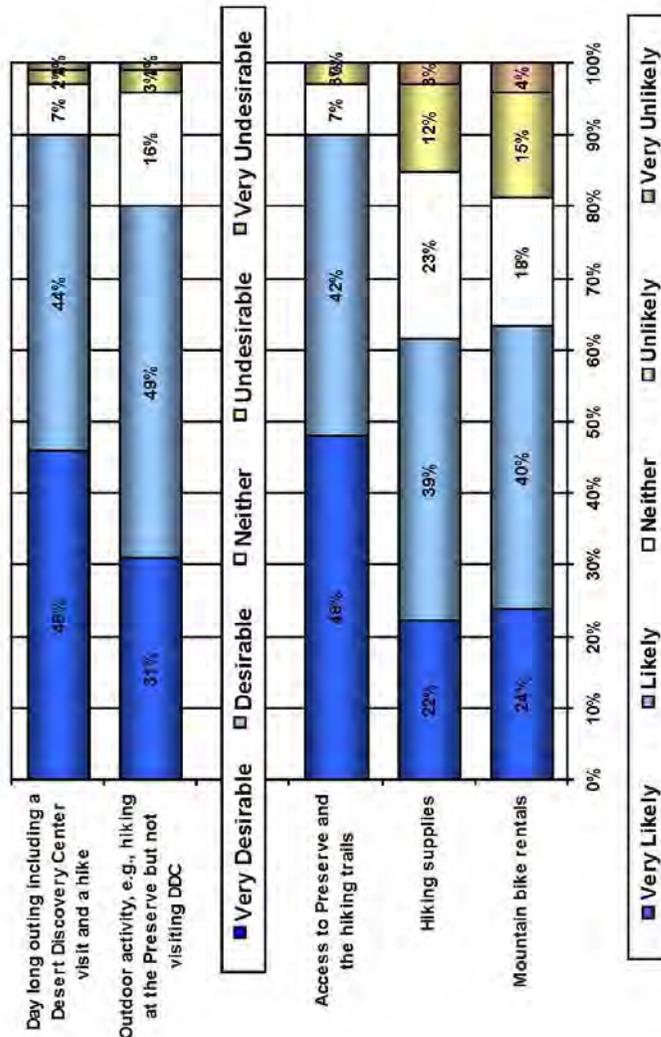
# Detailed Results: Usage

## Tourists/Visitors

• Many respondents (at least 80%) say the proposed DDC is desirable for outdoor activities.

• More tourists/visitors say DDC is desirable for day trips compared to local residents. They also are more likely to say DDC is desirable for outdoor activity without visiting DDC.

• Even more of tourists/visitors who understand that DDC will provide access to the McDowell Preserve and its hiking trails say they are likely to purchase hiking supplies or rent mountain bikes.

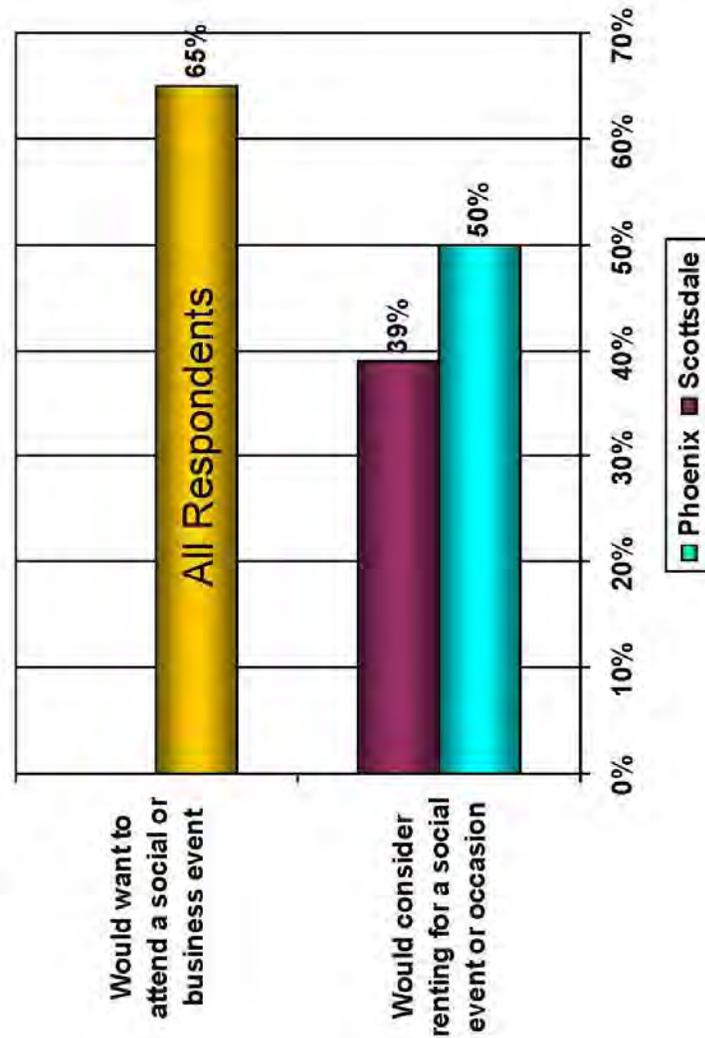




## Detailed Results: Usage

### Event Venue and Renting for Social Occasions

- There is strong interest (about two-thirds) among all market segments in attending a social or business event at DDC. This means DDC is a desirable location for both local events and events for meetings and conventions in both Scottsdale and Phoenix.
- Locals from Phoenix are more likely to find DDC a desirable rental venue than Scottsdale residents. The DDC's scenic beauty may be more appealing to those from more urbanized areas.



60

# Pricing



## Detailed Results: Pricing

### Price Expectations

- All respondents like the idea of family pricing, annual memberships, and season passes. Focus group participants expect two-tier pricing for adults and children.
- The table on the next slide shows the mean (average) price for each of the price questions posed. Note that standard errors (s.e. mean) of the means are all very similar, which means there is essentially no difference in the size of the confidence intervals across segments. The lower and upper bounds provide the interval estimate of the mean at 95% confidence, meaning there is only a 5% chance that the true mean value falls outside this interval.
- Where interval estimates do not overlap, means are significantly different (e.g., Scottsdale residents expect to pay less than tourists/visitors but not significantly less than other area residents).
- The results reflect consumer expectations, and do not necessarily reflect the optimum pricing from the perspective of economic sustainability.



# Detailed Results: Pricing

## Admission Pricing

| SCOTTSDALE                                                             |         |           |         |         |         |  |
|------------------------------------------------------------------------|---------|-----------|---------|---------|---------|--|
| Desert Discovery Center Admission Price                                | mean    | s.e. mean | lower   | upper   | median  |  |
| How you expect to pay for one adult                                    | \$11.77 | \$1.31    | \$9.15  | \$14.38 | \$8.00  |  |
| TOO EXPENSIVE that you would not consider visiting                     | \$18.52 | \$1.28    | \$15.96 | \$21.09 | \$15.00 |  |
| Starts getting EXPENSIVE for you, but still a possible destination     | \$14.10 | \$0.92    | \$12.26 | \$15.95 | \$12.00 |  |
| Mid-Point                                                              | \$11.04 |           | \$9.45  | \$12.63 | \$9.00  |  |
| BARGAIN – a great deal for the money?                                  | \$7.98  | \$0.67    | \$6.64  | \$9.32  | \$6.00  |  |
| Priced so low (TOO CHEAP) that you would begin to question its quality | \$4.82  | \$0.74    | \$3.34  | \$6.30  | \$3.00  |  |

| PHOENIX-AREA                                                           |         |           |         |         |         |  |
|------------------------------------------------------------------------|---------|-----------|---------|---------|---------|--|
| Desert Discovery Center Admission Price                                | mean    | s.e. mean | lower   | upper   | median  |  |
| How you expect to pay for one adult                                    | \$12.86 | \$1.28    | \$10.31 | \$15.42 | \$10.00 |  |
| TOO EXPENSIVE that you would not consider visiting                     | \$21.52 | \$1.38    | \$18.77 | \$24.28 | \$20.00 |  |
| Starts getting EXPENSIVE for you, but still a possible destination     | \$16.87 | \$1.04    | \$14.78 | \$18.96 | \$15.00 |  |
| Mid-Point                                                              | \$13.41 |           | \$11.41 | \$15.41 | \$11.50 |  |
| BARGAIN – a great deal for the money?                                  | \$9.95  | \$0.96    | \$8.04  | \$11.87 | \$8.00  |  |
| Priced so low (TOO CHEAP) that you would begin to question its quality | \$5.41  | \$0.84    | \$3.73  | \$7.10  | \$5.00  |  |

| TOURISTS/VISITORS                                                      |         |           |         |         |         |  |
|------------------------------------------------------------------------|---------|-----------|---------|---------|---------|--|
| Desert Discovery Center Admission Price                                | mean    | s.e. mean | lower   | upper   | median  |  |
| How you expect to pay for one adult                                    | \$16.31 | \$0.70    | \$16.90 | \$19.71 | \$15.00 |  |
| TOO EXPENSIVE that you would not consider visiting                     | \$31.62 | \$1.00    | \$29.63 | \$33.62 | \$25.00 |  |
| Starts getting EXPENSIVE for you, but still a possible destination     | \$24.50 | \$0.82    | \$22.87 | \$26.13 | \$20.00 |  |
| Mid-Point                                                              | \$18.78 |           | \$17.44 | \$20.11 | \$15.00 |  |
| BARGAIN – a great deal for the money?                                  | \$13.05 | \$0.52    | \$12.02 | \$14.09 | \$10.00 |  |
| Priced so low (TOO CHEAP) that you would begin to question its quality | \$6.47  | \$0.39    | \$5.69  | \$7.25  | \$5.00  |  |

Adult admission prices lower than \$9.00 are counter productive and at \$20.00 begin to be too expensive for more than half of potential visitors to the proposed Desert Discovery Center.

Results suggests the market varies in its expectations about admission price levels and is likely to support a tiered pricing system.

Tourists/Visitors expect to pay higher admission and report willingness or ability to pay 50-60% more than Scottsdale and Phoenix-Area residents.

Phoenix-Area residents expect to pay slightly higher (\$1-\$2 more) admission and report willingness or ability to pay as much as 10-20% more than Scottsdale residents.

# Detailed Results: Pricing

(the ollinger group)

## Distributions of Price Points

- The charts on the next three slides show the pricing sweet spots with “lower bound of an acceptable price range” or the “point of marginal cheapness” (PMC) and “upper bound of an acceptable price range” or the “point of marginal expensiveness” (PME).
- The “indifference price point” (IPP) refers to the price at which an equal number of respondents rate the price point as either “bargain” or “expensive”.
- The “median price point” (MPP) is the point at which an equal number of respondents describe the price as exceeding either their upper or lower limits. Here median identifies equal tradeoff in extreme sensitivities to the price at both ends of the price spectrum.
- “Desirable Price Band” represents the range between PMC and PME.
- **Respondents are asked four questions:**
  - At what price would you consider visiting the DDC to be too expensive that you would not consider purchasing it? (TOO EXPENSIVE)
  - At what price would you consider visiting DDC to be priced so low that you would begin to question its quality? (TOO CHEAP)
  - At what price would you consider visiting DDC to start getting expensive, but still a possible purchase? (EXPENSIVE)
  - At what price would you consider visiting DDC to be a bargain – a great buy for the money? (CHEAP)
- Notice that Scottsdale residents report slightly lower average price preferences in response to all four questions.

64

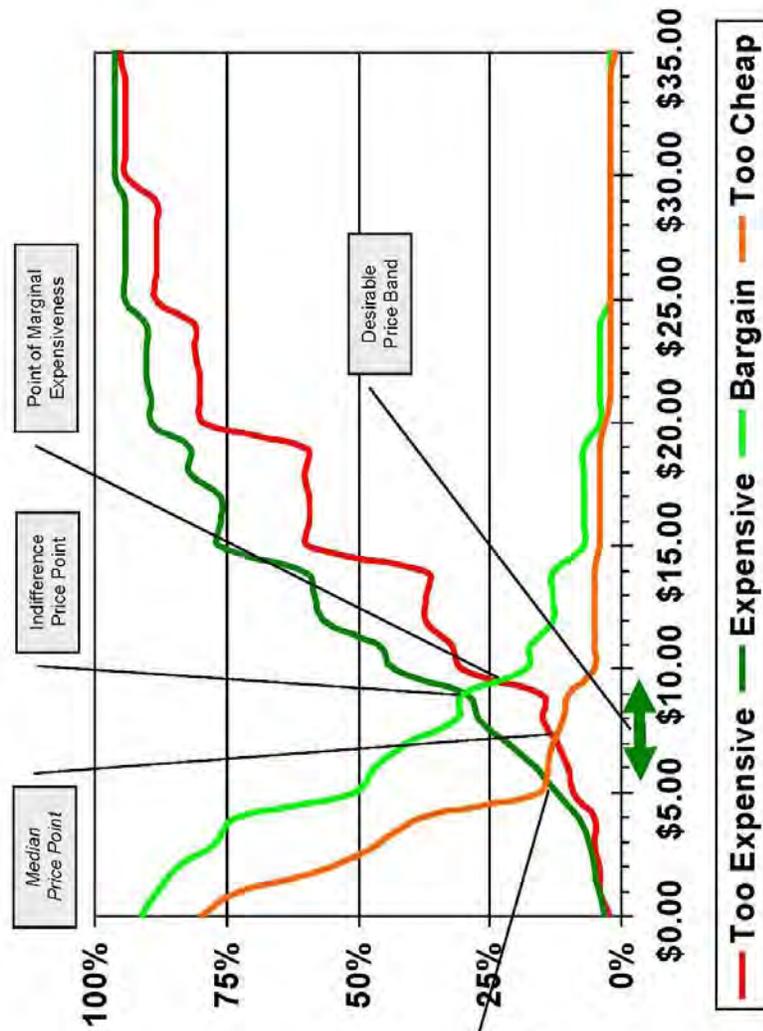


## Detailed Results: Pricing

### Scottsdale Residents

• Scottsdale residents have the lightly lower desirable price band compared to Phoenix residents, from just above \$5 to about \$10.

- They report an indifference price point of about \$9, the lowest of the three segments.
- The sweet spot for admission pricing is very similar in shape to that for Phoenix residents but slightly more compact meaning Scottsdale residents may be more sensitive to higher price levels.



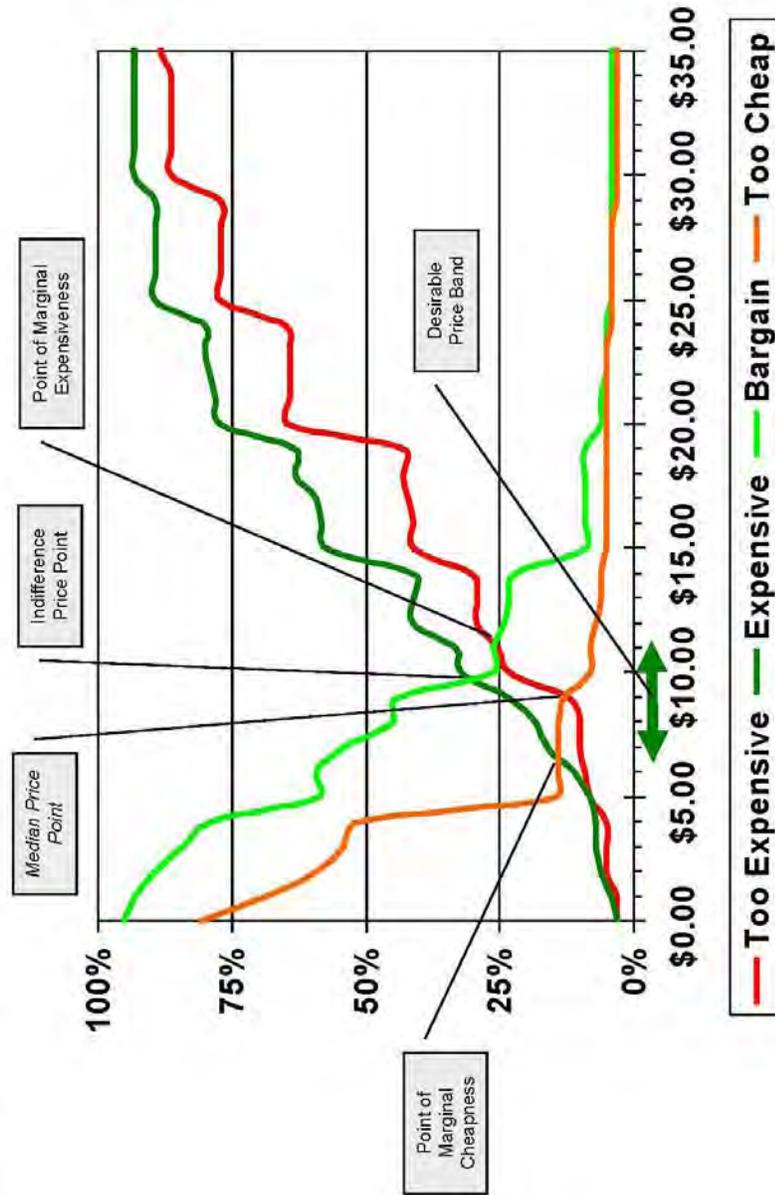
# Detailed Results: Pricing

the olinger group

## Phoenix Residents

Phoenix residents have the slightly higher desirable price band compared to Scottsdale residents, from \$6 to \$11.

- They report an indifference price point of about \$10.
- The sweet spot for admission pricing is very similar in shape to that for Scottsdale residents but shifted right representing a potentially higher price level.



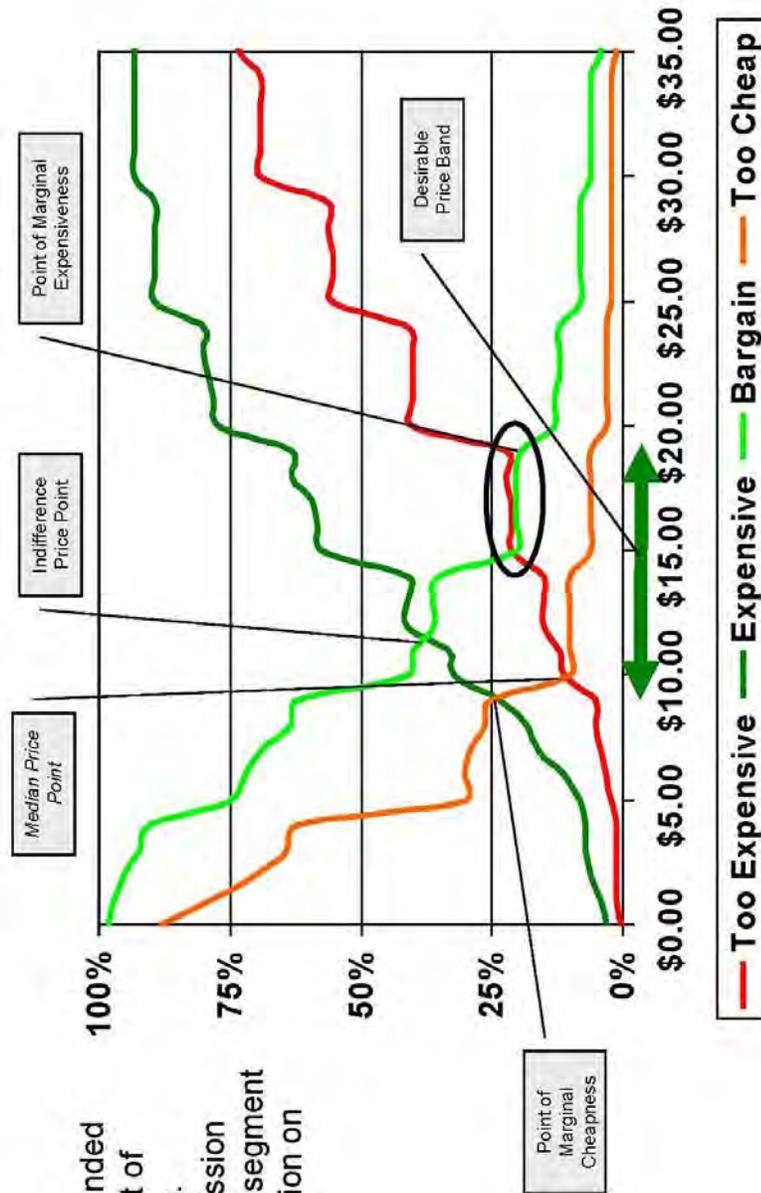
66



## Detailed Results: Pricing

### Tourists/Visitors

- Tourists/Visitors have the highest and widest desirable price band; \$10-20 dollars, nearly \$10 higher than local residents.
- They also report an extended range rather than a point of marginal expensiveness.
- The sweet spot for admission pricing is largest for this segment and shows similar variation on both dimensions.

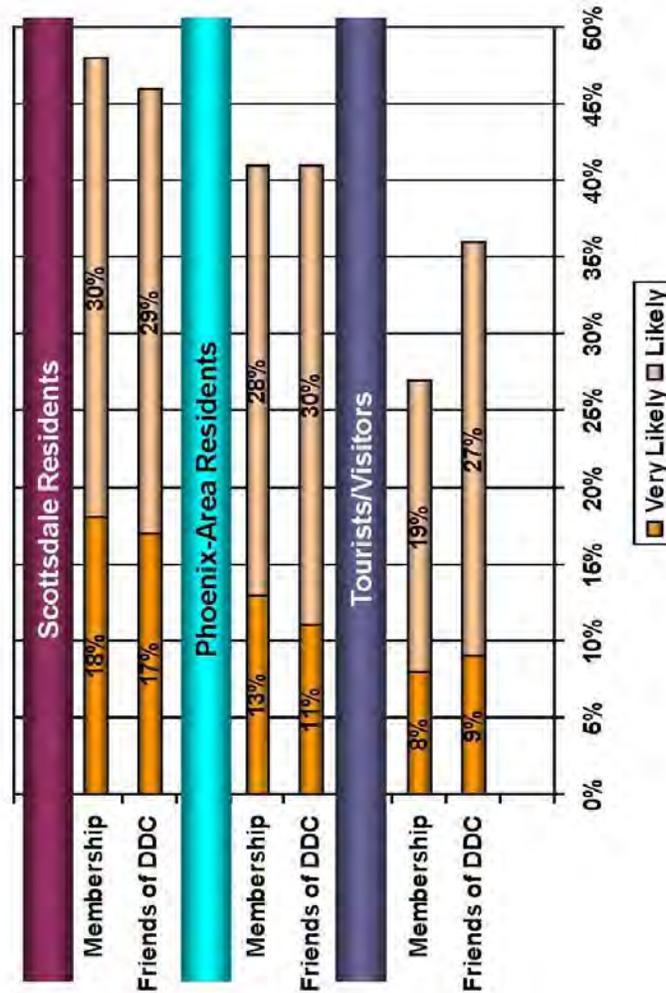




# Detailed Results: Pricing

## Membership and Support Organization

- Nearly half of locals (40-50%) like the idea of annual memberships with family pricing, and season passes. Plus about one-third of tourists/visitors report interest in memberships for seasonal admission.
- All FG participants expect two-tier pricing for adults and children.
- Similar levels of support (likely to join, or donate) through a "Friends of DDC" organization are reported.

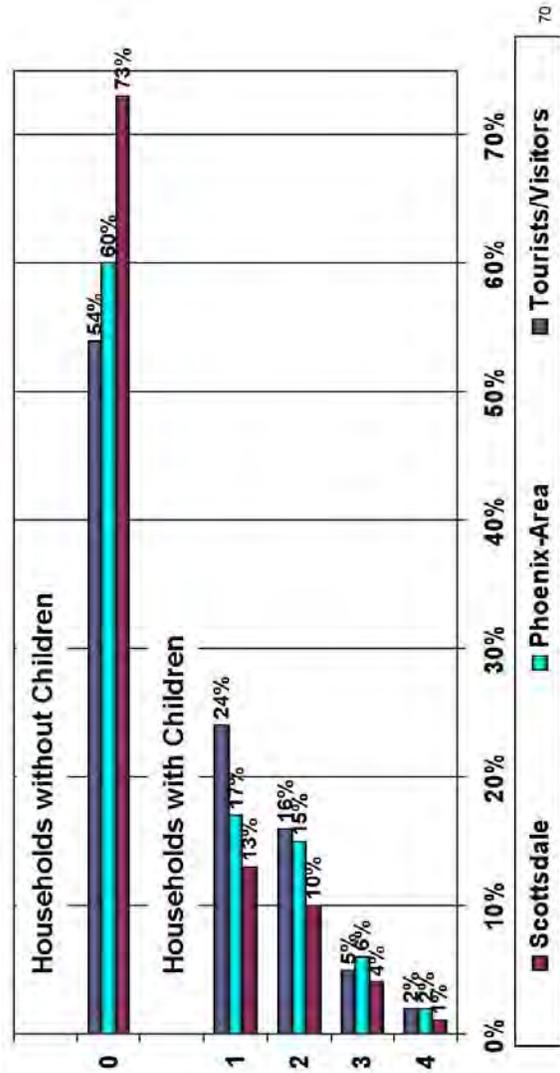
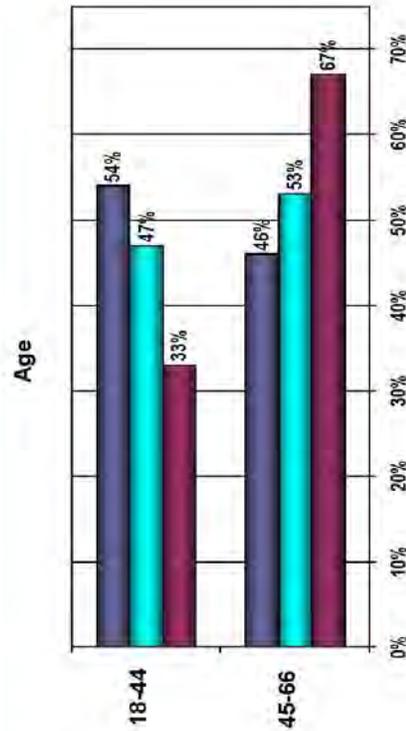


# Respondent Profile



## Age and Children in Household

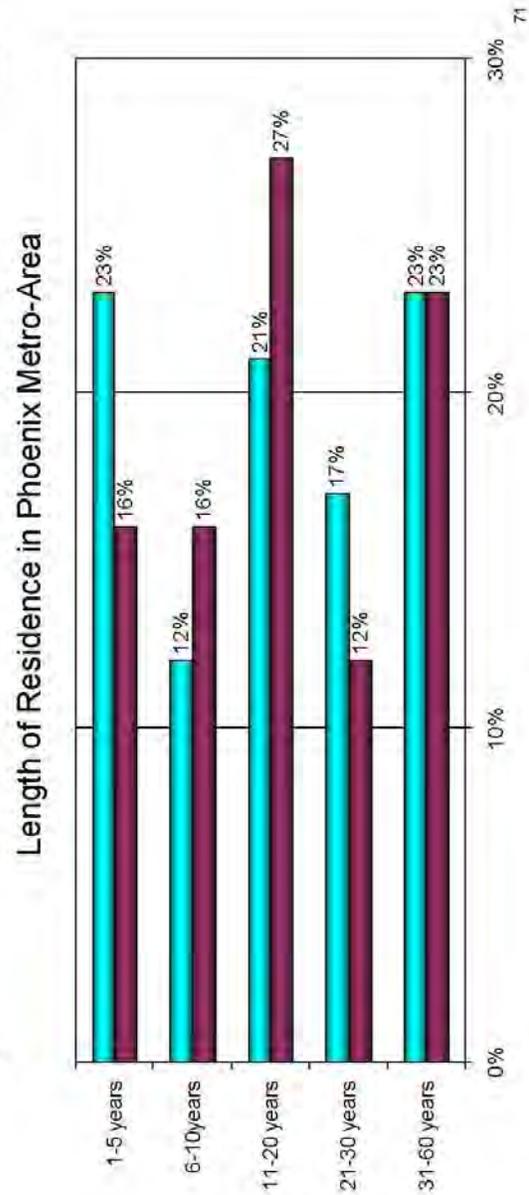
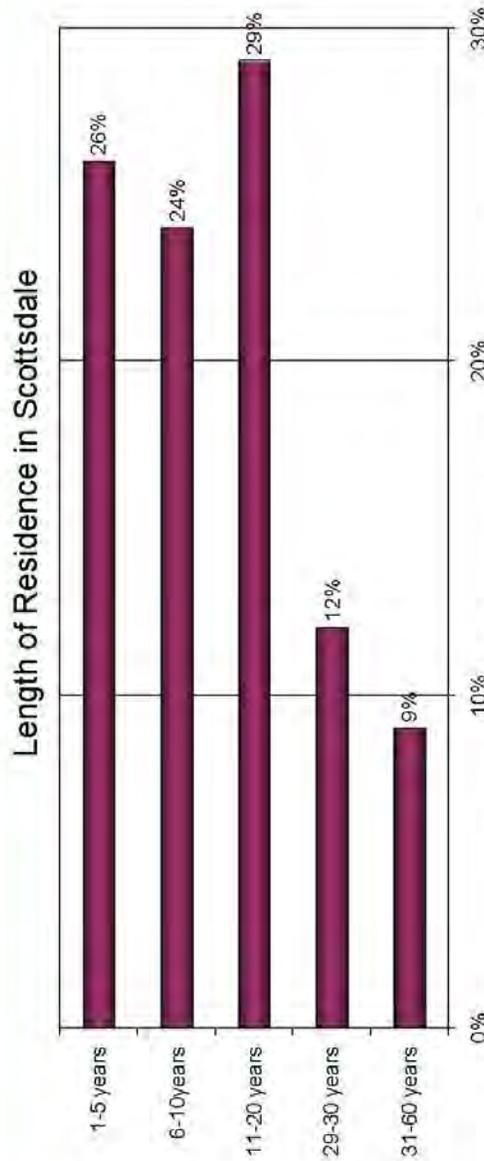
- Scottsdale and Phoenix area samples are older than the tourists/visitors sample.
- Scottsdale and Phoenix area samples are less likely to have children in the household.
- Scottsdale residents represent at least fourteen zip codes.
- Other Phoenix area residents represent at least 75 zip codes.
- Tourists / Visitors represent 507 different zip codes outside the Scottsdale-Phoenix metro area.





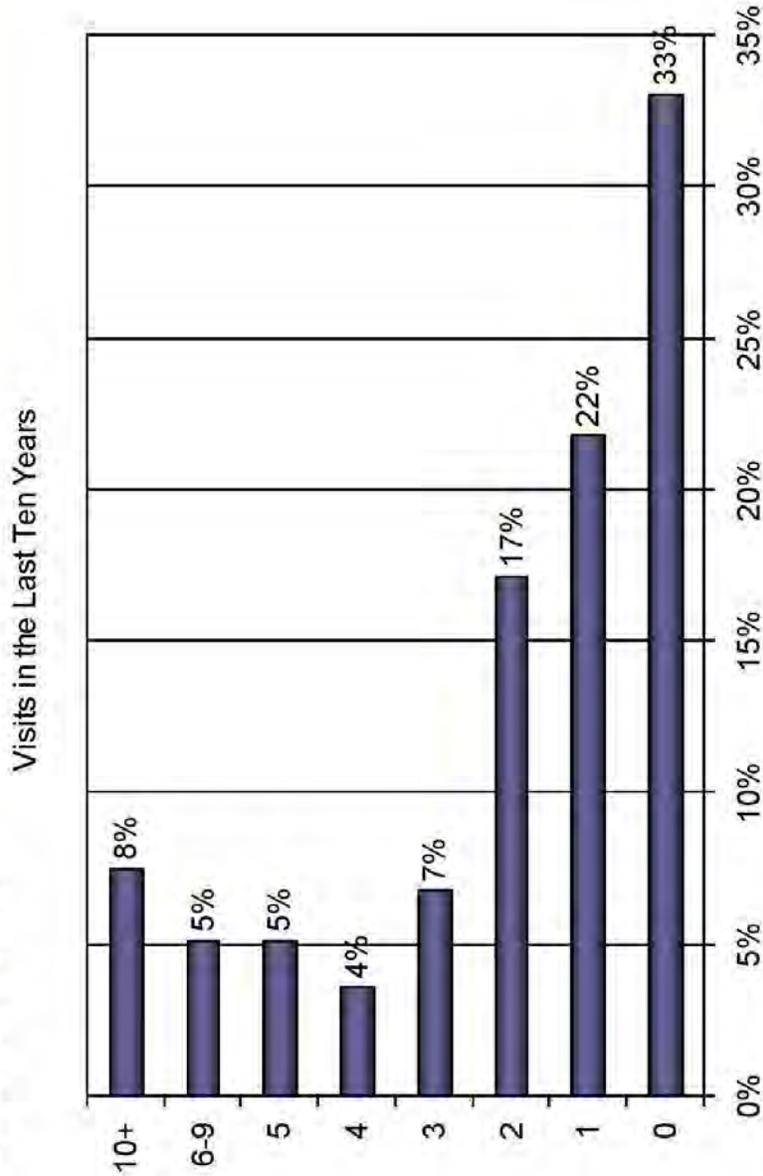
## Locals

- Most, but not all, Scottsdale residents have not lived in the metro area outside Scottsdale.
- Three-quarters of Scottsdale residents lived there more than 5 years.
- Phoenix has substantially more residents who are newer to the metro-area.





### Tourists/Visitors and Visits



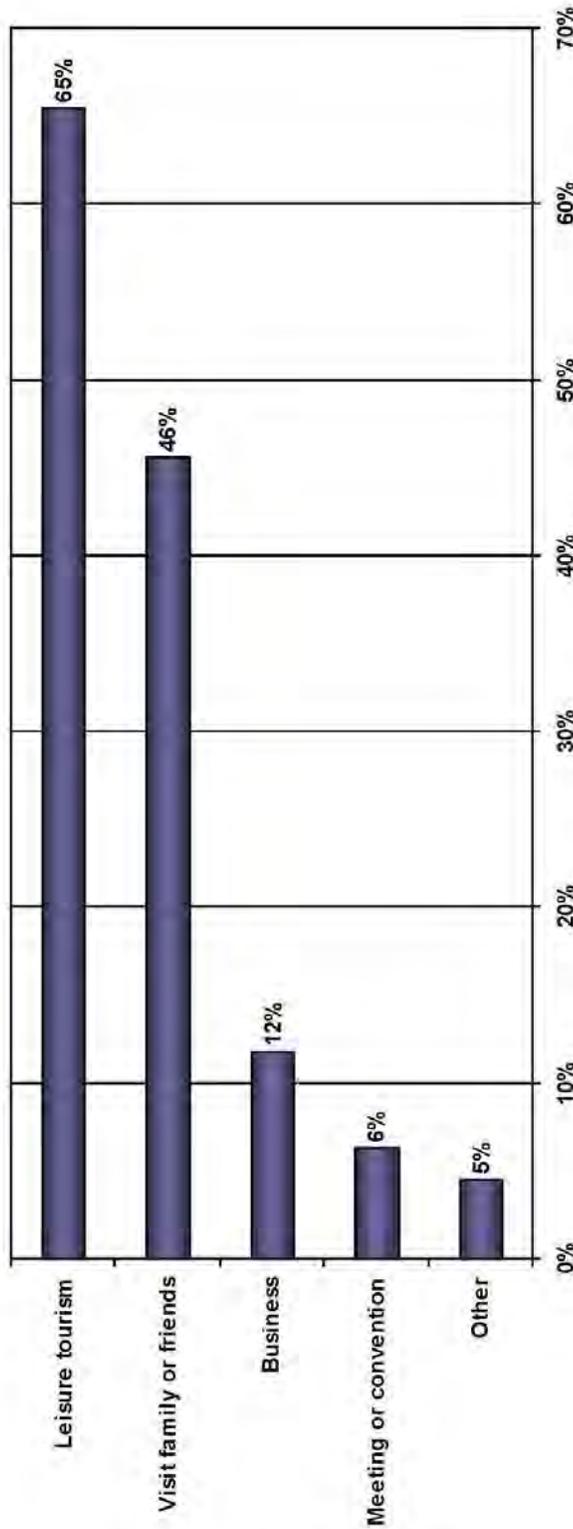
- The average Phoenix/Scottsdale tourist/visitor has visited about five times in the last ten years for an average total of 13 days or slightly more than 2 days per visit on average.
- Our sample includes about one-third of tourists/visitors who have not visited Scottsdale or the Phoenix are but say they are likely to do so in the next three to five years.

72



## Tourists/Visitors and Visits

Reasons for Visiting Scottsdale-Phoenix

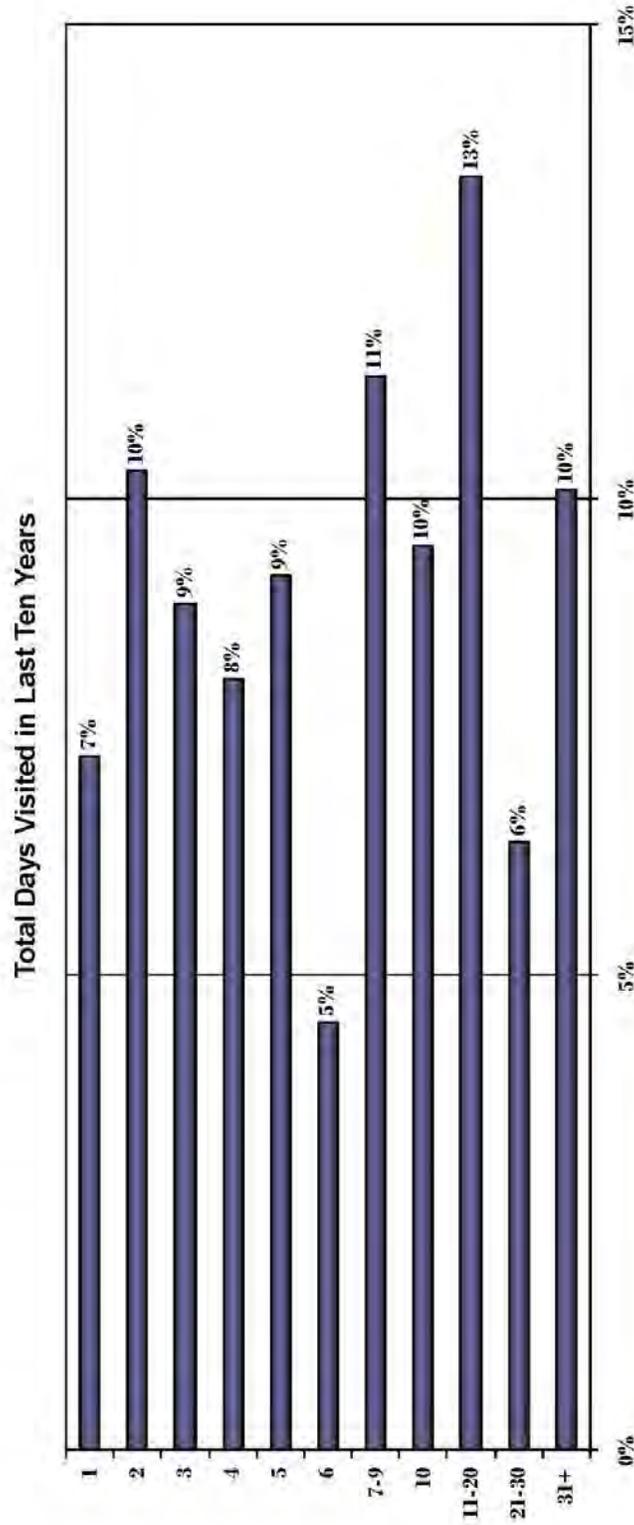


- Although Scottsdale and Phoenix are known as desirable meeting and convention destinations, only about 6% of our sample say they visited for that purpose.
- Most tourists/visitors who have been to the Scottsdale-Phoenix area are leisure tourists although nearly half of our sample say they visit family or friends in the area.

73



## Tourists/Visitors and Visits

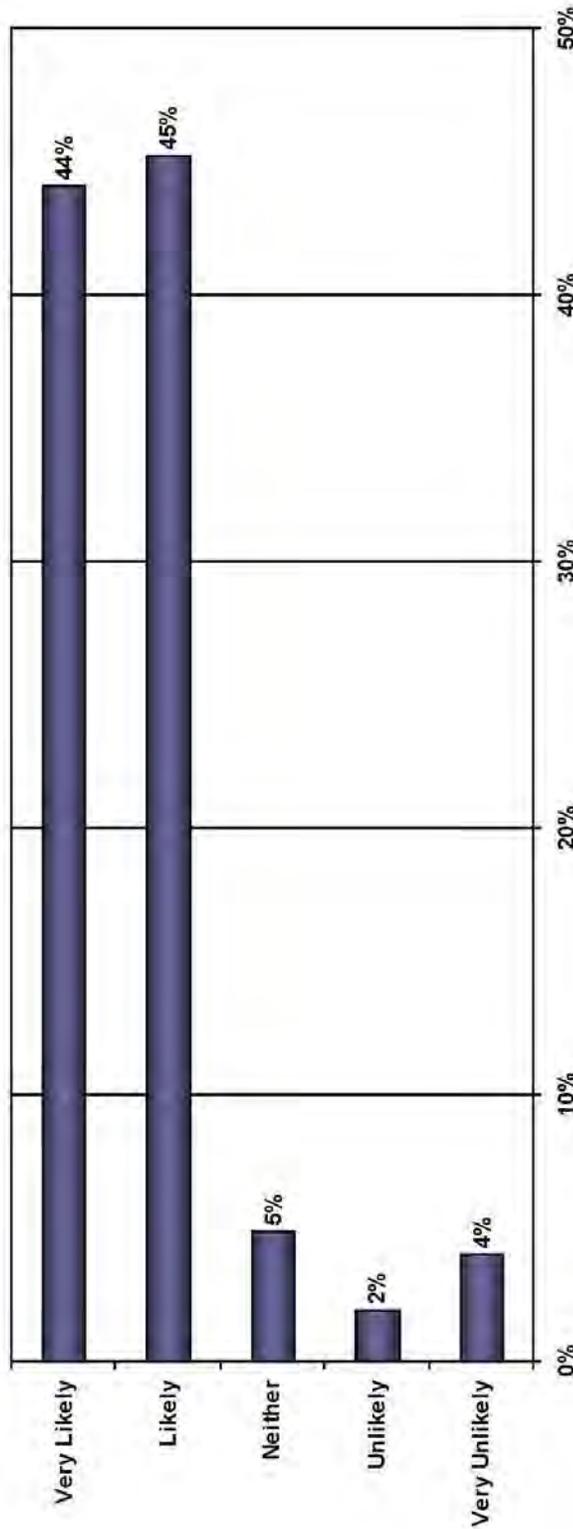


The average visitor to Phoenix/Scottsdale has visited about five times in the last ten years for an average total of 13 days or slightly more than 2 days per visit on average. The average visitor has been in Phoenix-Scottsdale nearly nine days in the last ten years with a longer average trip duration of about 3 days.



## Tourists/Visitors and Visits

Likelihood of Future Visits to Scottsdale-Phoenix

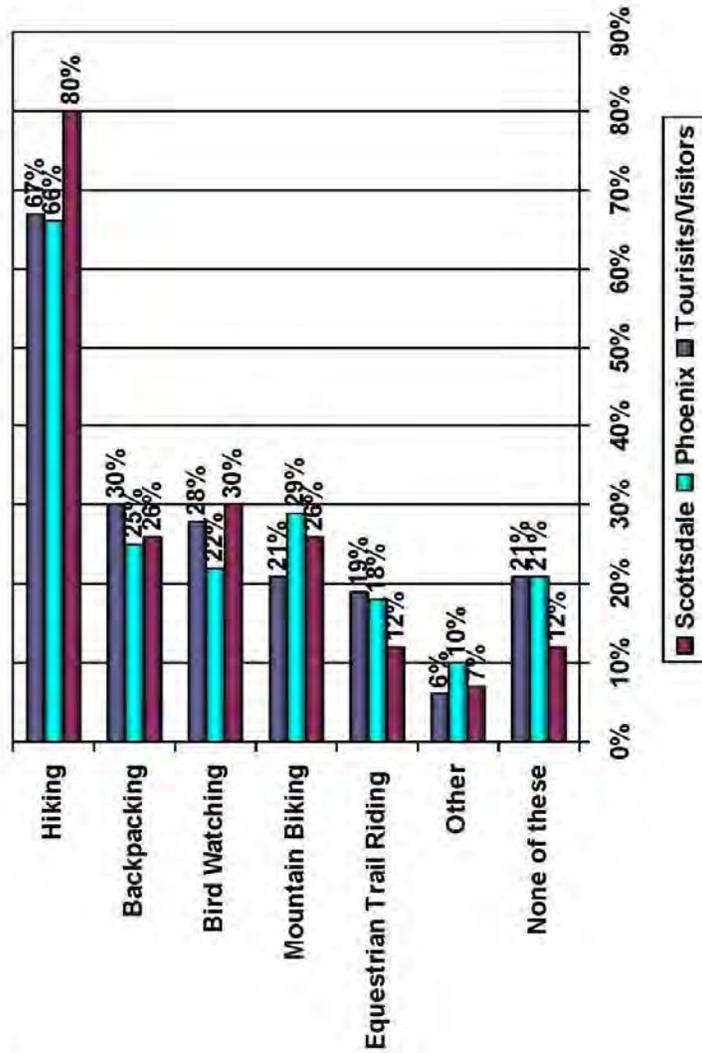


- Most tourists/visitors are likely to make future trips to Scottsdale-Phoenix. This includes those tourists/visitors who have not visited the area before but who plan to do so in the future.
- Only about 10% of Scottsdale-Phoenix area guests are not likely to visit again.

**O** Profile  
(the ollinger group)

**Outdoor Activities of Respondent, Family, or Friends**

- In an area known for its outdoor activities two-thirds of residents (80% of Scottsdale residents) say they or their family and friends participate in hiking.
  - Fewer people (10-30%) participate in other activities made possible by the local desert eco-system.

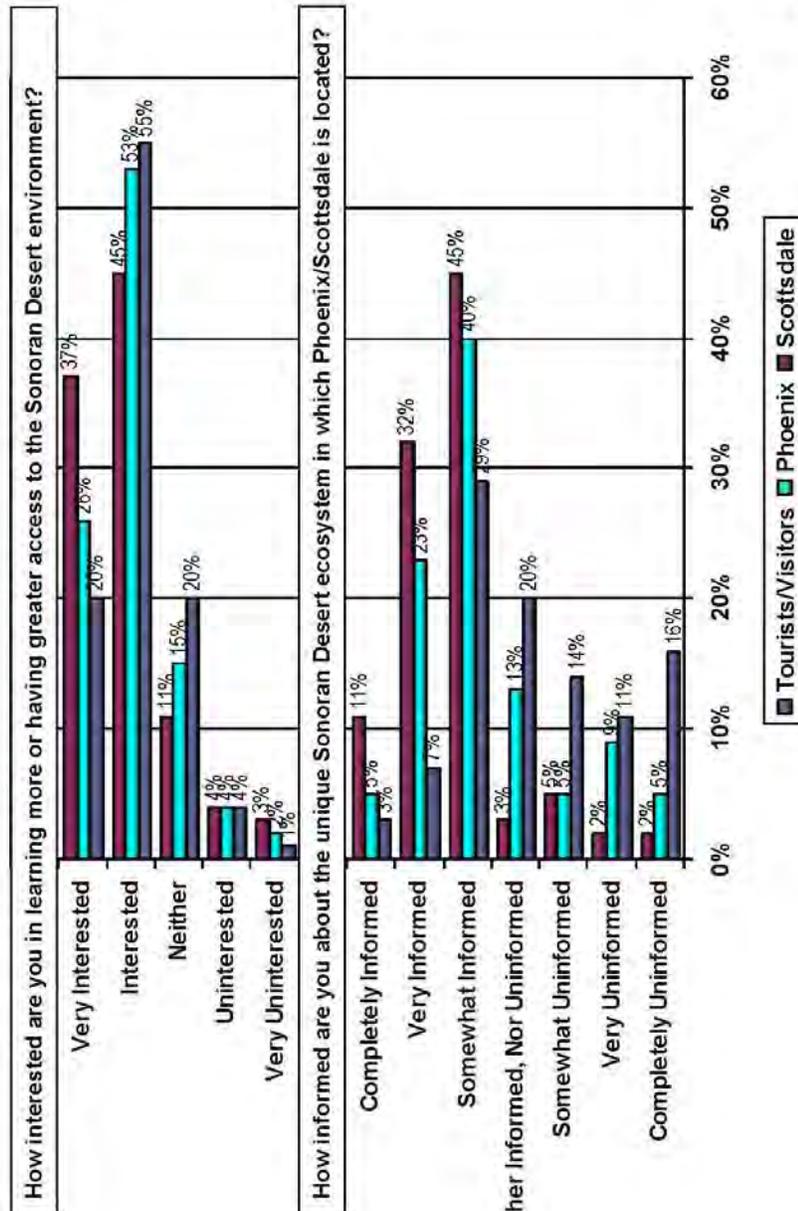




## Knowledge of and Interest in Learning About Sonoran Desert Eco-System

Most people say they are interested in the Sonoran Desert eco-system.

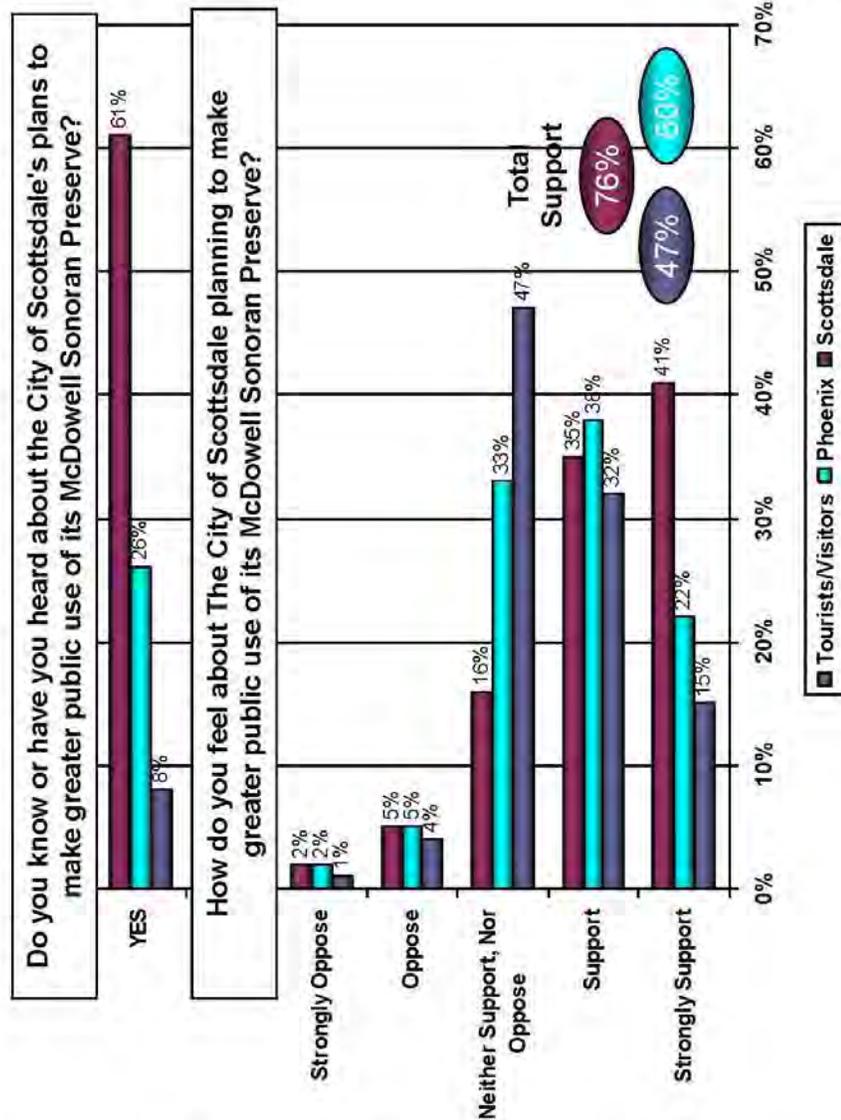
- Only 25% of tourists/visitors did not say they are interested in the Sonoran Desert.
- Between 30% and 45% of people say they are "somewhat informed about the Sonoran Desert.
- Another 40% of Scottsdale residents and 30% of Phoenix residents, say they are more than "somewhat informed" about the Sonoran Desert.
- Only about 10% of tourists/visitors say they are informed about the Sonoran Desert.





## Awareness of and Support for greater use of the McDowell Sonoran Preserve

- Scottsdale residents are more than twice as likely to be aware of the plans for the McDowell Preserve.
- While respondents outside Scottsdale feel no vested interest, 75% of Scottsdale residents support or strongly support plans for greater public use of the McDowell Sonoran Preserve.



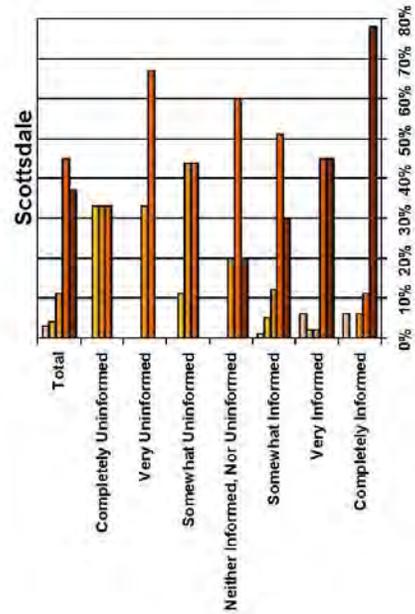
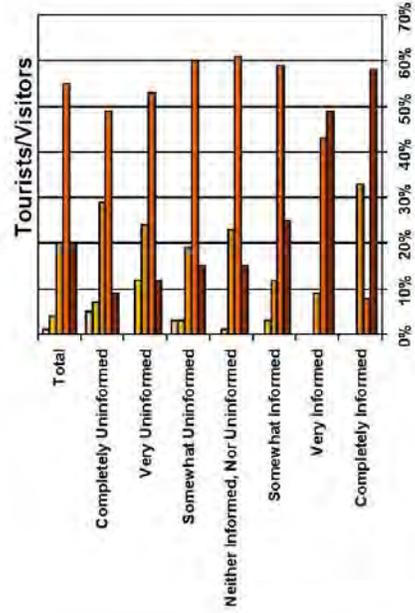
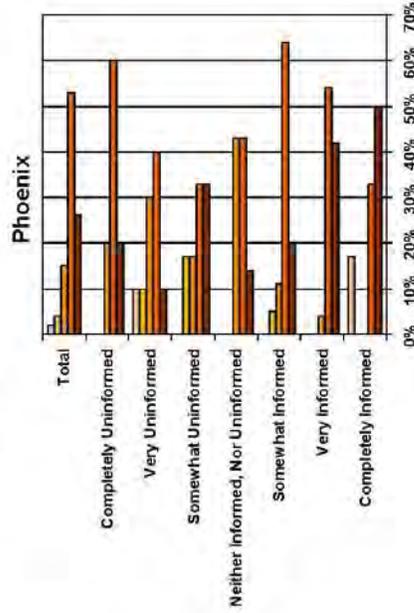
- While only about 25% of Phoenix residents know about plans for the McDowell, 60% or Phoenix residents support greater public use of that resource.
- Nearly 50% of tourists/visitors also support greater public usage of the McDowell Sonoran Preserve.



## Knowledge of and Interest in Learning about or having greater access to the Sonoran Desert Eco-System

• Generally those who say they are more informed about the Sonoran Desert eco-system are also the most likely to be interested in learning more or having greater access to the Sonoran Desert.

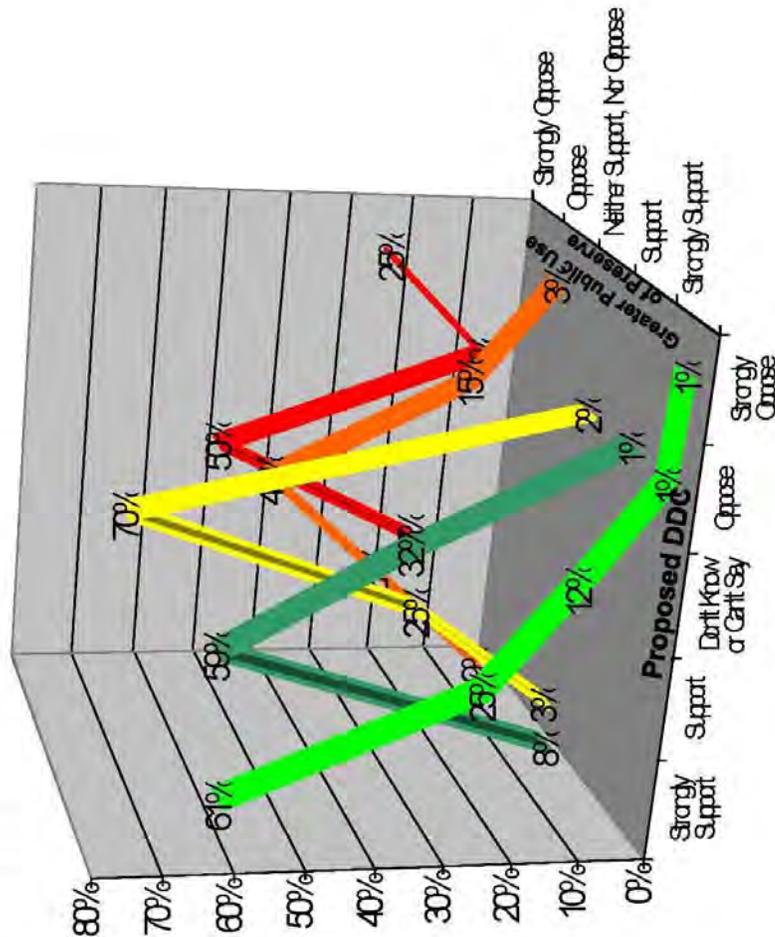
■ The primary exception seems to be Scottsdale residents among whom the uninformed are also least interested in learning or access.





## Support for Scottsdale's Plan for Public Use of the McDowell Sonoran Preserve and a Desert Discovery Center

- Sixty percent of those who strongly support greater public use of the McDowell Preserve also strongly support the proposed DDC.
- Sixty-three percent of those who support greater public use of the Preserve support or strongly support the proposed DDC.
- Substantial percentages of those who do not support greater public use of the Preserve remain undecided about DDC.
- Very few, and almost exclusively those who oppose greater use of the Preserve, oppose the planned DDC.



Other Area  
Attractions

# O Attributions

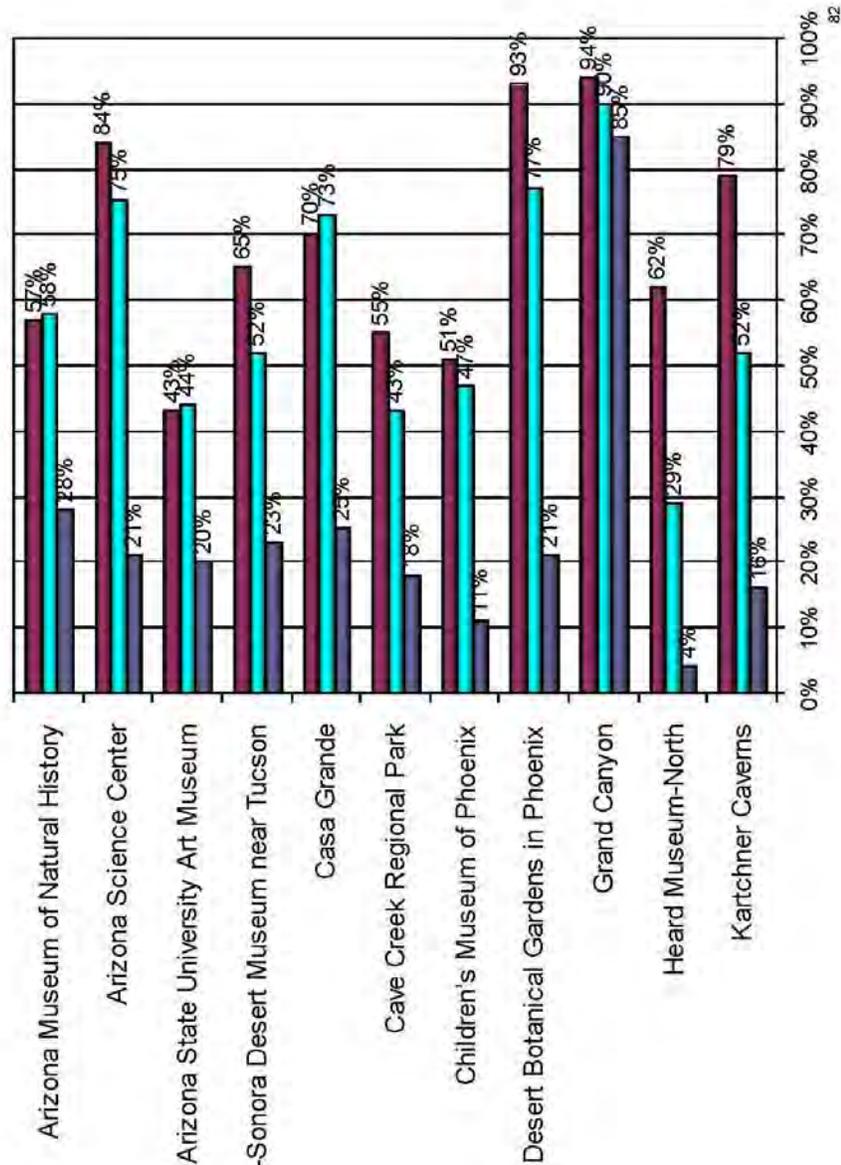
the olinger group

Know about Attractions

- Local area residents are more than two times more likely to be aware of Phoenix area destination-attractions than tourists/visitors.

- Of the local area destination attractions, only the Grand Canyon is equally well known across the three segments.

- Scottsdale residents are as likely or marginally more likely to be aware of local destination attractions than other area residents.

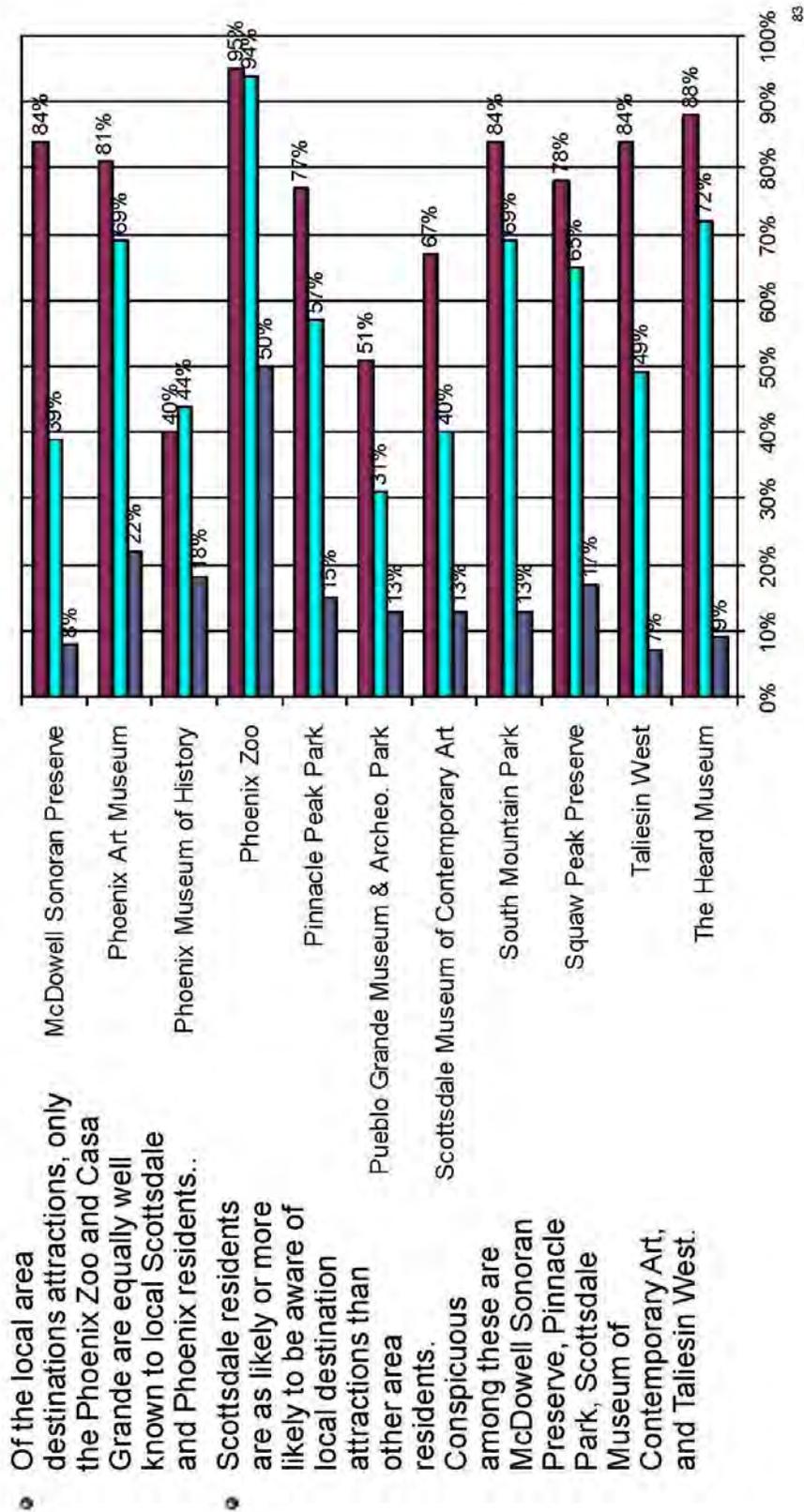


# Attractions

(the olinger group)

## Know about Attractions

Local area residents are more than two times more likely to be aware of Phoenix area destination-attractions than tourists/visitors.

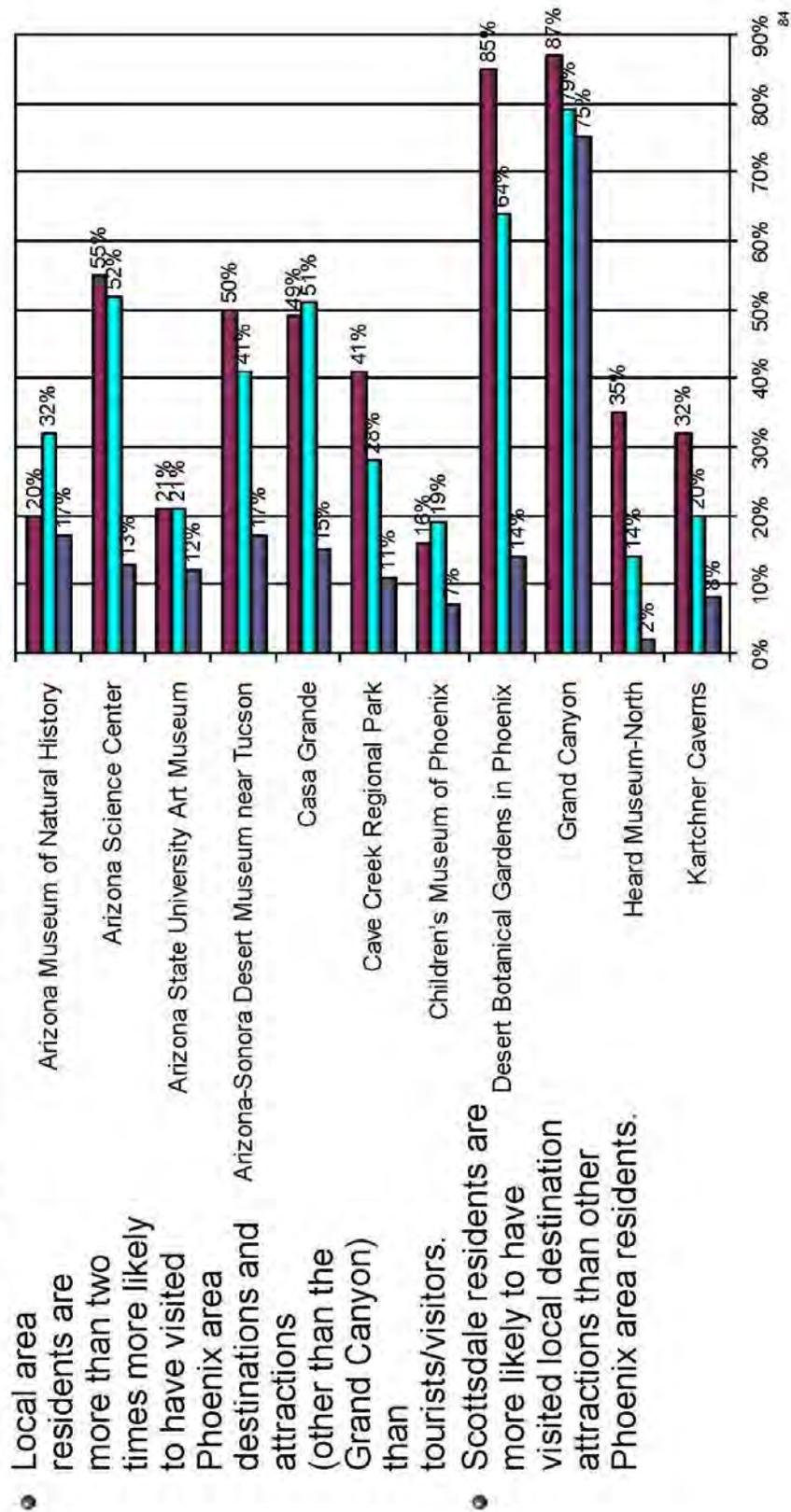


# Attractions

(the olinger group)

## Attractions Visited

Local area residents are also generally more than two times more likely to have visited Phoenix area destination-attractions than tourists/visitors.



Local area residents are more than two times more likely to have visited Phoenix area destinations and attractions (other than the Grand Canyon) than tourists/visitors.

Scottsdale residents are more likely to have visited local destination attractions than other Phoenix area residents.

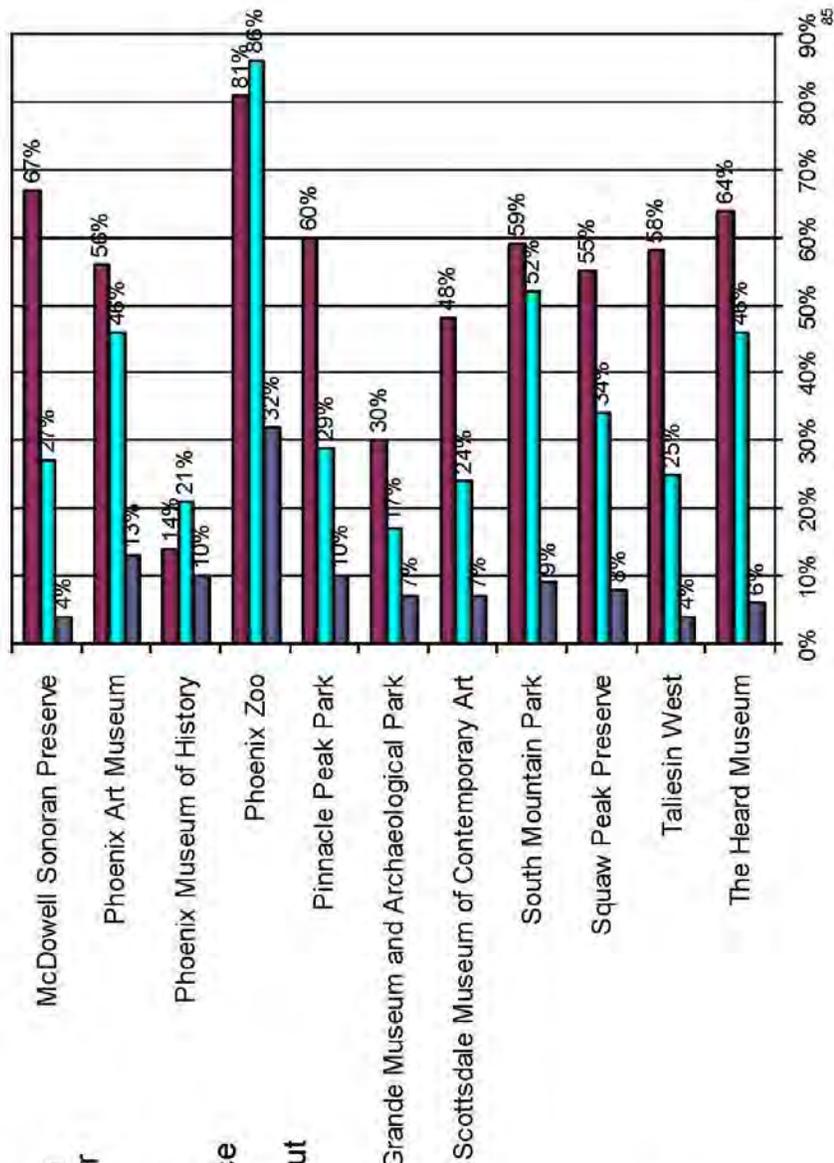
# Attractions

the ollinger group

## Attractions Visited

Local area residents are also generally more than two times more likely to have visited Phoenix area destination-attractions than tourists/visitors.

- Scottsdale residents are two times more likely to have visited most local destination attractions compared to other Phoenix area residents; the primary exceptions are the Phoenix Museum of History, Phoenix Zoo, Arizona Science Center for which Scottsdale and Phoenix visitors are about equal.



- With six exceptions, less than 10% of tourists/visitors have visited the twenty-two Phoenix area destination attractions tested.

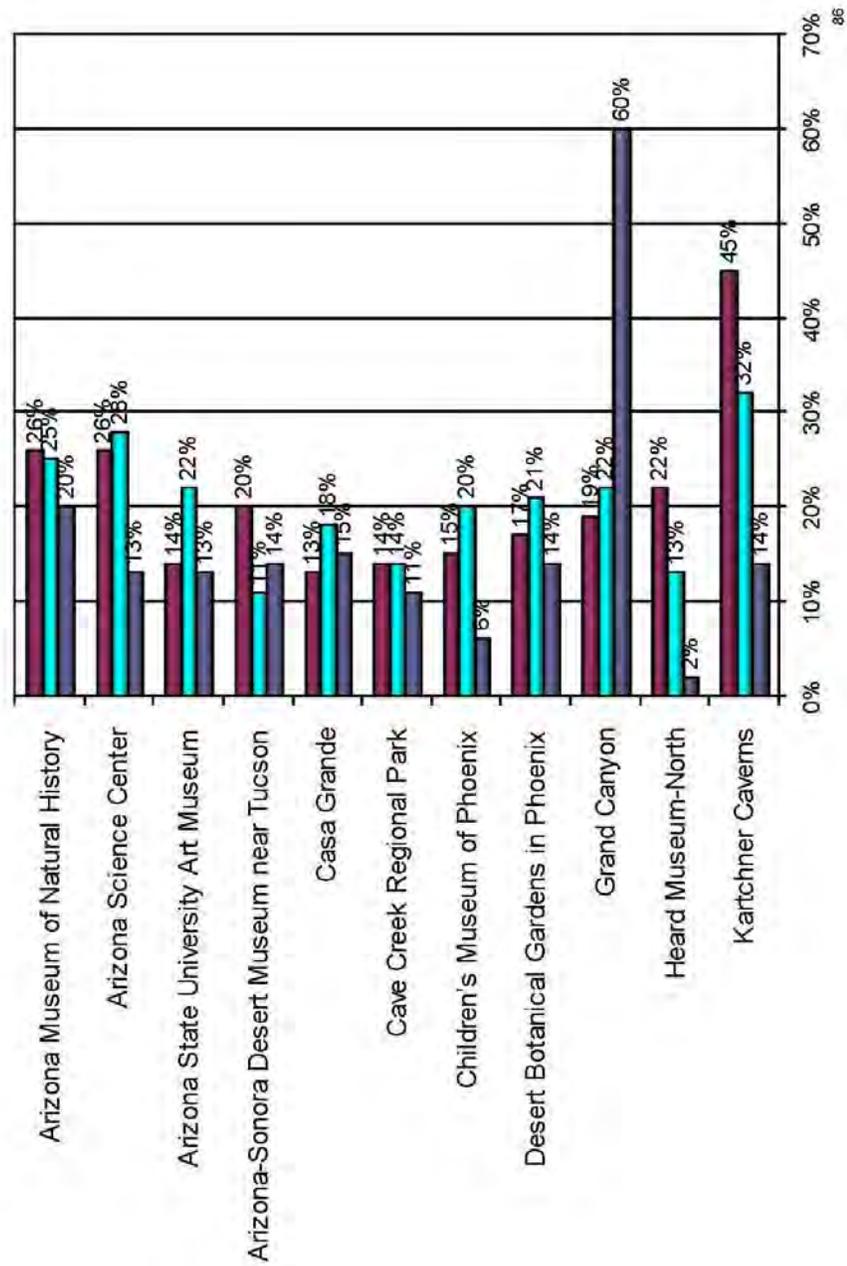
# Attractions

the oltinger group

## Plan to Visit Attractions

Plans to visit Phoenix area destination attractions are more uniform than awareness or past visits.

- For most area destination attractions Scottsdale and Phoenix residents are equally likely to plan future visits.
- With few exceptions, less than 25% of locals and 15% of tourists/visitors currently plan future visits to the area destination attractions.

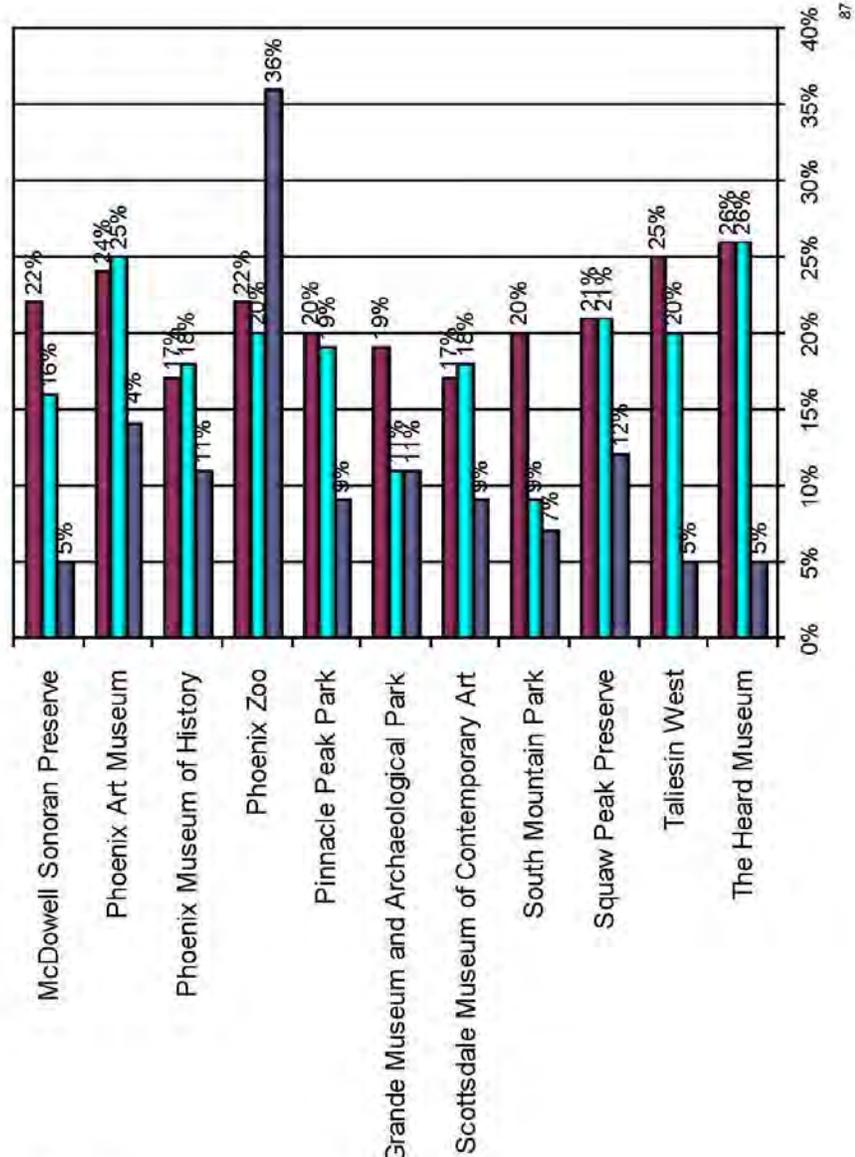


# Attractions

the olinger group

## Plan to Visit Attractions

- Plans to visit Phoenix area destination attractions are more uniform than awareness or past visits.
- Scottsdale residents are more likely to plan visits to McDowell Sonoran Preserve, South Mountain Park, and Kartchner Caverns compared to Phoenix residents.
- Far more tourists/visitors plan to visit the Phoenix Zoo than local area residents.



**Appendix D**  
**REVIEW OF PRINCIPAL REVENUE CATEGORIES**  
**FOR MUSEUMS AND SCIENCE CENTERS**

The following is a review of the revenue sources of museums and science centers. Data for this analysis are drawn from two comprehensive financial data sources for these facility types. The first is the American Association of Museums' (AAM's) 2009 Museum Financial Information (MFI) publication. The AAM distributed surveys to 5,510 museums throughout the United States and received 671 responses, creating a sample that is assumed to be representative of museums. The second source, the Association of Science-Technology Centers Incorporated (ASTC) 2009 Sourcebook of Statistics and Analysis, distributed its survey to 445 science centers and museums and received 195 responses. These are also assumed to be representative of the Science Center Industry.

**Operating and Non-Operating Income**

The MFI refers to "operating income" as the income generated by a museum's general operations in a given fiscal year. This includes earned and contributed sources used to fund ongoing operations. Non-operating income is related to temporarily or permanently restricted funds, such as endowment contributions and pledges, capital campaign contributions and pledges, and all return on investments – realized or unrealized – that is not used for operations, but rather is used for capital projects or used to increase endowment or financial reserves<sup>36</sup>.

**Types of Operating Income**

The MFI outlines operating income in four major categories:

- ◆ **Government Sources** refer to funds from tribal, local, state or federal sources. These include grants, exchange agreements, contracts for specific services or line-item appropriations.
- ◆ **Private Sources** include charitable income from non-government sources. Examples would be contributions from individuals, foundations, and corporations.
- ◆ **Earned Income** is money earned by providing goods or services where the amount paid is comparable to the actual value of the goods or services. This includes admission fees, food

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<sup>36</sup> Museum Financial Information 2009, American Association of Museums

and museum store sales, building rental, fairs and festivals. This category does not include undesignated, unrestricted or general operating grants, contributions from individuals, bequests or sponsorships of special events.

- ◆ **Investment Income** can be defined as the portion of operating income derived from investments, which might be determined by the museum’s spending policy and may include capital gains, dividends, interest, etc.

Data in **Table D-1** summarizes revenue amounts by type that make up the four major sources of operating income. These are grouped by percentiles such that the amounts in the table reflect an institution’s actual amount at a particular percentile of all responses for that income type. This data indicates that larger museums have greater relative capacity to generate earned income.

**Table D-1**  
**Sources of Operating Income**

|                   | Mean % of<br>Total | 10th<br>Percentile | 25th<br>Percentile | Median    | 75th<br>Percentile | 90th<br>Percentile |
|-------------------|--------------------|--------------------|--------------------|-----------|--------------------|--------------------|
| <b>Government</b> | 24.4%              | \$0                | \$8,000            | \$100,000 | \$431,226          | \$1,666,452        |
| <b>Private</b>    | 36.5%              | \$7,240            | \$43,235           | \$339,719 | \$1,279,052        | \$3,139,502        |
| <b>Earned</b>     | 27.6%              | \$1,987            | \$21,528           | \$207,120 | \$1,144,240        | \$3,463,966        |
| <b>Investment</b> | 11.5%              | \$0                | \$0                | \$20,000  | \$254,170          | \$1,527,923        |

Source: AAM 2009 Museum Financial Information and ConsultEcon, Inc.

Data in **Table D-2** show distribution of sources of operating income. Museums in the 90<sup>th</sup> percentile of government income receive nearly 80 percent of their funding from the government, whereas the median museum receives less than 8 percent. Museums in the 90<sup>th</sup> percentile of the earned income category, within which the Desert Discovery Center would fall, obtain approximately 63.4 percent of their income through earned income. Thus, even museums that generate the largest percent of earned income still rely relatively heavily (over 36%) on other sources of income.

**Table D-2**  
**Sources of Operating Income by Percentile**

|                   | 10th<br>Percentile | 25th<br>Percentile | Median | 75th<br>Percentile | 90th<br>Percentile |
|-------------------|--------------------|--------------------|--------|--------------------|--------------------|
| <b>Government</b> | 0.0%               | 0.7%               | 7.8%   | 41.5%              | 79.4%              |
| <b>Private</b>    | 4.1%               | 13.3%              | 32.4%  | 55.8%              | 77.8%              |
| <b>Earned</b>     | 1.5%               | 7.8%               | 21.3%  | 42.7%              | 63.4%              |
| <b>Investment</b> | 0.0%               | 0.0%               | 2.5%   | 16.4%              | 35.6%              |

Source: AAM 2009 Museum Financial Information and ConsultEcon, Inc.

Both the type and size of museums factor into this income mix. Approximately 21.5 percent of Art Museums' total income is from earned income, and most museums fall within the twenty to mid-thirty percent range. However, many museums types have higher ratios. Science/Technology Centers obtain nearly 50 percent of their total income from earned income. Science/Technology Centers generate a much smaller portion of their total income through investments than other museum types. Data in **Table D-3** outline the distribution of total income by discipline, operating expenses, and governance.

**Table D-3**  
**Average Percent of Income Sources**  
**By Discipline, Operating Expenses, and Governance**

|                           |                                             | Government | Private | Earned | Investment |
|---------------------------|---------------------------------------------|------------|---------|--------|------------|
| <b>Overall</b>            |                                             | 24.4%      | 36.5%   | 27.6%  | 11.5%      |
| <b>Discipline</b>         | <i>Art Museum</i>                           | 13.3%      | 46.6%   | 21.5%  | 18.6%      |
|                           | <i>Children's/Youth Museum</i>              | 11.7%      | 27.8%   | 48.3%  | 12.1%      |
|                           | <i>General Museum</i>                       | 32.6%      | 33.7%   | 24.8%  | 8.8%       |
|                           | <i>Historic House/Site</i>                  | 23.0%      | 34.6%   | 31.7%  | 10.7%      |
|                           | <i>History Museum/Historical Society</i>    | 36.4%      | 31.0%   | 24.0%  | 8.5%       |
|                           | <i>Living Collections</i>                   | 35.4%      | 20.3%   | 30.0%  | 14.3%      |
|                           | <i>Natural History/ Anthropology Museum</i> | 24.2%      | 38.3%   | 31.1%  | 6.4%       |
|                           | <i>Science/Technology Center/Museum</i>     | 19.3%      | 28.9%   | 48.8%  | 3.0%       |
|                           | <i>Specialized Museum</i>                   | 19.9%      | 37.7%   | 33.2%  | 9.3%       |
| <b>Operating Expenses</b> | <i>Under \$250,000</i>                      | 26.9%      | 38.5%   | 26.2%  | 8.3%       |
|                           | <i>\$250,000 - \$1 million</i>              | 30.3%      | 38.1%   | 24.2%  | 7.5%       |
|                           | <i>\$1 million to \$4 million</i>           | 23.4%      | 38.8%   | 25.7%  | 12.1%      |
|                           | <i>\$4 million+</i>                         | 18.3%      | 30.2%   | 34.1%  | 17.3%      |
| <b>Governance/ Parent</b> | <i>Government</i>                           | 60.2%      | 24.4%   | 11.2%  | 4.2%       |
|                           | <i>College/University</i>                   | 28.7%      | 46.7%   | 10.2%  | 14.5%      |
|                           | <i>Private Nonprofit</i>                    | 13.2%      | 39.8%   | 32.7%  | 14.3%      |

Source: AAM 2009 Museum Financial Information and ConsultEcon, Inc.

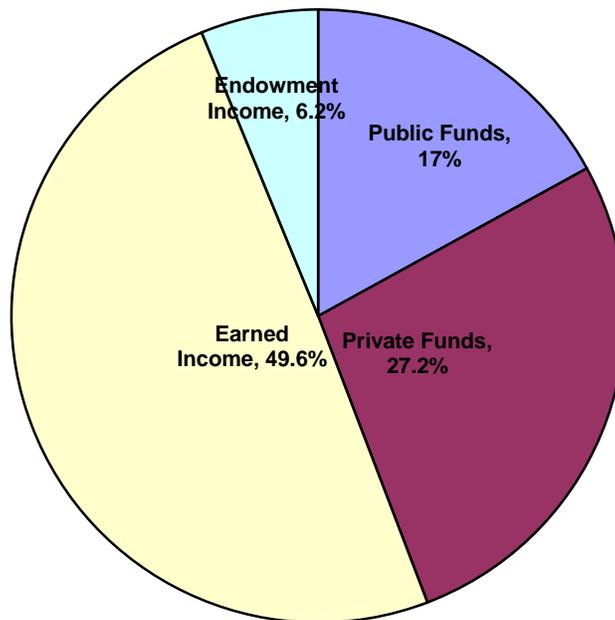
Museums with operating budgets greater than \$4 million generate 34.1 percent of their total income through earned income, a much larger percentage than smaller museums. The largest museums also tend to have a significantly higher capacity to generate investment income, and often have a lower ratio of private and government income. Over 60 percent of the total income of museums operated by government entities is from government funding, whereas nearly half of the total income of museums operated by universities and colleges is from private income. Private Nonprofit museums receive only 13.2 percent of their total income from the government, compared to 28.7 percent for colleges and universities. As a result, they rely more heavily on both private income and earned income. Private Nonprofit museums' median earned income proportion is over 20 percent higher than museums run by either the government or colleges and universities.

The AAM data show that many larger scale facilities have an income mix that includes substantial portions from all income types. While the Desert Discovery Center will have great income earning potential, it should be noted that other sources of funding are still vital to the success of the center.

### ASTC Science Center Experience

ASTC uses the term “Operating Revenue Sources” in place of “Operating Income,” which is used in the MFI. The meaning is the same it divides operating revenue sources into four major categories: earned income, public funds, private funds, and endowment income. Data in **Figure D-4** display the average percent of total operating revenue sources for the surveyed science and technology centers in 2009.

**Figure D-4**  
**Operating Revenue Sources (U.S.)**  
**(Average Percent of Total)**



Source: 2009 ASTC Sourcebook of Statistics & Analysis and ConsultEcon, Inc.

Science and Technology centers have strong capacity to generate earned income. They also receive a relatively smaller percentage of government funding than other museums. Data in **Table D-5**

provide operating revenue sources by science center location, size, and operating expenses category types.

**Table D-5**  
**Operating Revenue Sources by Location, Size, and Operating Expenses**  
**(Average Percent of Total)**

|                                  |                          | <b>Earned<br/>Income</b> | <b>Public<br/>Funds</b> | <b>Private<br/>Funds</b> | <b>Endowmen<br/>t Income</b> |
|----------------------------------|--------------------------|--------------------------|-------------------------|--------------------------|------------------------------|
| <b>All Respondents</b>           |                          | <b>47.0%</b>             | <b>22.3%</b>            | <b>25.1%</b>             | <b>5.5%</b>                  |
| <b>By Location</b>               | <i>U.S.</i>              | 49.6%                    | 17.0%                   | 27.2%                    | 6.2%                         |
|                                  | <i>Other Countries</i>   | 36.2%                    | 45.1%                   | 16.2%                    | 2.6%                         |
| <b>By Size</b>                   | <i>Very Small</i>        | 42.0%                    | 14.9%                   | 38.2%                    | 4.8%                         |
|                                  | <i>Small</i>             | 45.7%                    | 20.5%                   | 25.9%                    | 7.9%                         |
|                                  | <i>Medium</i>            | 49.1%                    | 23.7%                   | 21.8%                    | 5.4%                         |
|                                  | <i>Large</i>             | 48.8%                    | 28.2%                   | 18.0%                    | 5.0%                         |
| <b>By Operating<br/>Expenses</b> | <i>&lt;\$1 million</i>   | 54.7%                    | 10.0%                   | 31.3%                    | 4.0%                         |
|                                  | <i>\$1-\$2.5 million</i> | 43.4%                    | 17.0%                   | 30.6%                    | 9.0%                         |
|                                  | <i>\$2.5-\$5 million</i> | 45.9%                    | 22.4%                   | 26.6%                    | 5.2%                         |
|                                  | <i>&gt;\$6.5 million</i> | 46.3%                    | 30.1%                   | 18.2%                    | 5.4%                         |

Source: 2009 ASTC Sourcebook of Statistics & Analysis and ConsultEcon, Inc.

The data indicate that science and technology centers with higher operating expense budgets have lower ratios of earned income and private funds than do smaller science centers. This may indicate a higher capacity by larger science centers to attract government funding.

**Appendix E**  
**LOW-RANGE SENSITIVITY ANALYSIS**

**Table E-1**  
**Preliminary Attendance Potential**  
**Desert Discovery Center**

|                                                                                                   | Market Penetration Rates                    |       |        | Visitation Range     |                      |                       | Percent to Total |
|---------------------------------------------------------------------------------------------------|---------------------------------------------|-------|--------|----------------------|----------------------|-----------------------|------------------|
|                                                                                                   | Estimated 2014 Market Population            | Low   | High   | Low Range Attendance | Mid Range Attendance | High Range Attendance |                  |
| <b>Resident Market</b>                                                                            |                                             |       |        |                      |                      |                       |                  |
| Primary Market Area                                                                               | 260,200                                     | 8.00% | 12.00% | 20,816               | 26,020               | 31,224                | 7.8%             |
| Secondary Market Area                                                                             | 2,165,200                                   | 3.00% | 5.00%  | 64,956               | 86,608               | 108,260               | 26.0%            |
| Tertiary Market Area                                                                              | 2,574,700                                   | 2.00% | 3.00%  | 51,494               | 64,368               | 77,241                | 19.3%            |
| <b>Total Resident Market</b>                                                                      | 5,000,100                                   | 2.75% | 4.33%  | 137,266              | 176,996              | 216,725               | 53.1%            |
| <b>Visitor (Tourist) Market</b>                                                                   |                                             |       |        |                      |                      |                       |                  |
|                                                                                                   | Estimated 2008 Tourist Market <sup>1/</sup> | Low   | High   | Low Range Attendance | Mid Range Attendance | High Range Attendance |                  |
| <i>Scottsdale Overnight Visitors</i>                                                              |                                             |       |        |                      |                      |                       |                  |
| Domestic & International Overnight Hotel Visitors                                                 | 1,183,000                                   | 2.50% | 3.50%  | 29,575               | 35,490               | 41,405                | 10.6%            |
| Visiting Friends & Relatives (VFRs) Overnight Visitors Staying in Seasonal Homes                  | 237,000                                     | 2.00% | 3.00%  | 4,740                | 5,925                | 7,110                 | 1.8%             |
|                                                                                                   | 136,000                                     | 2.00% | 3.00%  | 2,720                | 3,400                | 4,080                 | 1.0%             |
| <i>Scottsdale Day-Trip Visitors</i>                                                               |                                             |       |        |                      |                      |                       |                  |
| Domestic Overnight Day-Trippers to Scottsdale <sup>2/</sup>                                       | 6,895,000                                   | 1.00% | 1.50%  | 68,950               | 86,188               | 103,425               | 25.9%            |
| <i>International Overnight Visitors to Metro Phoenix, Not Staying in Scottsdale <sup>3/</sup></i> |                                             |       |        |                      |                      |                       |                  |
|                                                                                                   | 2,031,000                                   | 1.00% | 1.50%  | 20,310               | 25,388               | 30,465                | 7.6%             |
| <b>Total Visitor (Tourist) Market</b>                                                             | 10,482,000                                  | 1.20% | 1.78%  | 126,295              | 156,390              | 186,485               | 46.9%            |
| <b>Total Stabilized Attendance Potential Range</b>                                                |                                             |       |        | 263,561              | 333,386              | 403,210               | 100.0%           |
| <b>Mid Range Attendance <sup>4/</sup></b>                                                         |                                             |       |        | <b>264,000</b>       | <b>333,000</b>       | <b>403,000</b>        |                  |

<sup>1/</sup> Based on latest data available. This is a reasonable assumption for future tourism activity.

<sup>2/</sup> The City of Scottsdale defines this segment as day visitors in its annual Scottsdale/Paradise Valley tourism study. Day visitors are domestic overnight tourists staying in accommodations outside of the Scottsdale/Paradise Valley.

<sup>3/</sup> International overnight visitors is derived from Mexican, Canadian and Overseas visitors to Arizona.

<sup>4/</sup> Rounded to nearest 1,000.

Source: ConsultEcon, Inc.

**Table E-2**  
**Five Year Attendance Potential Pattern**  
**Desert Discovery Center**

|                                     | <b>YEAR 1</b> | <b>YEAR 2</b> | <b>STABLE<br/>YEAR 3</b> | <b>YEAR 4</b> | <b>YEAR 5</b> |
|-------------------------------------|---------------|---------------|--------------------------|---------------|---------------|
| Percentage of Stabilized Attendance | 120%          | 105%          | <b>100%</b>              | 100%          | 100.5%        |
| Mid Range Visitation Potential      | 316,800       | 277,200       | <b>264,000</b>           | 264,000       | 265,320       |

NOTE: DDC is expected to open in 2014. Therefore, Year 1 represents 2014.

1/ Stabilized attendance expected to occur in Year 3. This analysis assumes that the full facility will be open for Year 1 of operations.

Source: ConsultEcon, Inc.

**Table E-3**  
**Seasonality of Attendance**  
**Desert Discovery Center**

|                            | <u>Low Attendance Scenario</u> |                         | <u>Mid-Range Attendance</u> |                         | <u>High Attendance Scenario</u> |                         |
|----------------------------|--------------------------------|-------------------------|-----------------------------|-------------------------|---------------------------------|-------------------------|
|                            | <b>Seasonality</b>             | <b>Total Attendance</b> | <b>Seasonality</b>          | <b>Total Attendance</b> | <b>Seasonality</b>              | <b>Total Attendance</b> |
| January                    | 7%                             | 18,452                  | 7%                          | 23,310                  | 7%                              | 28,224                  |
| February                   | 9%                             | 23,724                  | 9%                          | 29,970                  | 9%                              | 36,288                  |
| March                      | 11%                            | 28,996                  | 11%                         | 36,630                  | 11%                             | 44,352                  |
| April                      | 13%                            | 34,268                  | 13%                         | 43,290                  | 13%                             | 52,416                  |
| May                        | 11%                            | 28,996                  | 11%                         | 36,630                  | 11%                             | 44,352                  |
| June                       | 7%                             | 18,452                  | 7%                          | 23,310                  | 7%                              | 28,224                  |
| July                       | 6%                             | 15,816                  | 6%                          | 19,980                  | 6%                              | 24,192                  |
| August                     | 6%                             | 15,816                  | 6%                          | 19,980                  | 6%                              | 24,192                  |
| September                  | 6%                             | 15,816                  | 6%                          | 19,980                  | 6%                              | 24,192                  |
| October                    | 8%                             | 21,088                  | 8%                          | 26,640                  | 8%                              | 32,256                  |
| November                   | 8%                             | 21,088                  | 8%                          | 26,640                  | 8%                              | 32,256                  |
| December                   | 8%                             | 21,088                  | 8%                          | 26,640                  | 8%                              | 32,256                  |
| <b>Total <sup>1/</sup></b> | <b>100%</b>                    | <b>264,000</b>          | <b>100%</b>                 | <b>333,000</b>          | <b>100%</b>                     | <b>403,000</b>          |

1/ Rounded to nearest 1,000.

Source: ConsultEcon, Inc.

Table E-4  
Facility Sizing Parameters  
Desert Discovery Center

| Annual Visitation <sup>1/</sup>                           | Low- Range Attendance     |                             |                                    |                             |                  |
|-----------------------------------------------------------|---------------------------|-----------------------------|------------------------------------|-----------------------------|------------------|
|                                                           | Peak Periods              |                             | Average Periods During Peak Months |                             | Facility Rentals |
|                                                           | 34,268                    |                             | 22,000                             |                             |                  |
| Peak Month Attendance                                     | 34,268                    |                             | 22,000                             |                             |                  |
| Average Month Attendance                                  |                           |                             | 22,000                             |                             |                  |
| High Week at 28% of peak month                            | 9,595                     |                             | 6,160                              |                             |                  |
| High Day Attendance at 18% of high week                   | 1,727                     |                             | 1,109                              |                             |                  |
| <b>Length of Stay</b>                                     | <b>(2 hr. stay - 30%)</b> | <b>(2.5 hr. stay - 35%)</b> | <b>(2 hr. stay - 30%)</b>          | <b>(2.5 hr. stay - 35%)</b> |                  |
| Peak in-house Population                                  | 518                       | 604                         | 333                                | 388                         |                  |
| Rounded                                                   | 520                       | 600                         | 330                                | 390                         |                  |
| <b>High Day Parking Requirement</b> <sup>2/</sup>         | 207                       | 239                         | 132                                | 156                         |                  |
| <b>Potential for Event Parking Demand</b> <sup>3/4/</sup> |                           |                             |                                    |                             | 200              |

1/ Early year attendance may be fifteen percent higher or more. However, this analysis uses a more conservative assumption of 10% for financial modeling purposes.

2/ Based on 95 percent auto usage during peak daytime periods (bus usage is higher during the shoulder seasons from school groups and tour groups). 2.5 persons per vehicle. Plus 5% turnover requirement. Does not include employee, volunteer and other administrative visitor parking. This is for DDC only. The parking will need to be considered in the context of the Gateway trailhead use and parking needs.

3/ Estimated at one car per two attendees at events of 300 people per event, plus 50 cars for caterers and servers, security, DDC staff, volunteers etc.

4/ Most major facility rentals will be during evenings or at the end of the day, so they would seldom overlap with the peak in-house times of day which tend to be 10am to 2pm. Further, if there were a need for a mid-day facility rental, the parking might be accommodated through mitigation measures such as remote parking shuttles etc. For the vast majority of events parking demand accommodated by parking available because the demand from hikers and/or DDC attendees is lower at the time of the event.

**Table E-5**  
**Admissions Analysis in Current Dollars**  
**Desert Discovery Center**

| <b>Per Capita Ticket Revenue</b>         |                              |                           |                     |                                          |                                                  |
|------------------------------------------|------------------------------|---------------------------|---------------------|------------------------------------------|--------------------------------------------------|
|                                          | <b>% to Total Attendance</b> | <b>Attendance By Type</b> | <b>Ticket Price</b> | <b>Contribution to Ticket Per Capita</b> | <b>Percent Contribution to Ticket Per Capita</b> |
| Adult                                    | 37.55%                       | 99,132                    | \$15.00             | \$5.63                                   | 62.7%                                            |
| Senior                                   | 17.00%                       | 44,880                    | \$12.25             | \$2.08                                   | 23.2%                                            |
| Youth (3-12)                             | 16.00%                       | 42,240                    | \$9.00              | \$1.44                                   | 16.0%                                            |
| Student Group                            | 5.00%                        | 13,200                    | \$6.00              | \$0.30                                   | 3.3%                                             |
| Members                                  | 14.00%                       | 36,960                    | \$0.00              | \$0.00                                   | 0.0%                                             |
| Facility Rentals                         | 6.15%                        | 16,236                    | \$0.00              | \$0.00                                   | 0.0%                                             |
| Free/Complimentary <sup>1/</sup>         | 4.30%                        | 11,352                    | \$0.00              | \$0.00                                   | 0.0%                                             |
| <i>Less Discounts &amp; Coupons @ 5%</i> |                              |                           |                     | <i>(\$0.47)</i>                          | <i>-5.3%</i>                                     |
| <b>Total</b>                             | <b>100.00%</b>               | <b>264,000</b>            |                     | <b>\$8.98</b>                            | <b>100.0%</b>                                    |

| <b>Memberships Estimates</b>              |           |                         |                         |                                        |                           |
|-------------------------------------------|-----------|-------------------------|-------------------------|----------------------------------------|---------------------------|
|                                           |           | <b>Membership Types</b> | <b>Percent to Total</b> | <b>Estimated Number of Memberships</b> | <b>Avg. Price By Type</b> |
| No. of Member Attendances                 | 36,960    | Individual              | 20.5%                   | 947                                    | \$40                      |
| Average Annual Attendances Per Membership | 8         | Dual                    | 35.0%                   | 1,617                                  | \$70                      |
| Est. Total Memberships                    | 4,620     | Family                  | 40.0%                   | 1,848                                  | \$125                     |
| Average Membership Fee                    | \$100.00  | Donor                   | 3.0%                    | 139                                    | \$250                     |
|                                           |           | Sponsor                 | 1.0%                    | 46                                     | \$500                     |
| Membership Revenue                        | \$462,000 | Patron                  | 0.5%                    | 23                                     | \$1,000                   |
|                                           |           |                         | 100.0%                  | <b>4,620</b>                           | \$100.18                  |
|                                           |           |                         |                         | <b>Rounded:</b>                        | <b>\$100.00</b>           |

<sup>1/</sup> Includes children aged 2 and under, complimentary tickets, VIPs, special events & programs etc.

Source: ConsultEcon, Inc.

**Table E-6**  
**Attendance Distribution and Ticket Price Assumptions**  
**Desert Discovery Center**

| % to Total Attendance                                   | STABLE         |                |                |                |                |
|---------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                                         | Year 1         | Year 2         | YEAR 3         | Year 4         | Year 5         |
| Adult                                                   | 38.7%          | 38.4%          | 37.6%          | 37.6%          | 37.6%          |
| Senior                                                  | 20.0%          | 18.0%          | 17.0%          | 17.0%          | 17.0%          |
| Youth (3-12)                                            | 18.6%          | 17.0%          | 16.0%          | 16.0%          | 16.0%          |
| Student Group                                           | 3.5%           | 4.5%           | 5.0%           | 5.0%           | 5.0%           |
| Members                                                 | 10.0%          | 12.0%          | 14.0%          | 14.0%          | 14.0%          |
| Facility Rentals                                        | 5.2%           | 5.9%           | 6.2%           | 6.2%           | 6.2%           |
| Free/Complimentary <sup>1/</sup>                        | 4.0%           | 4.2%           | 4.3%           | 4.3%           | 4.3%           |
| <b>Total</b>                                            | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |
| <b>Attendance By Type</b>                               |                |                |                |                |                |
| Adult                                                   | 122,602        | 106,445        | 99,132         | 99,132         | 99,628         |
| Senior                                                  | 63,360         | 49,896         | 44,880         | 44,880         | 45,104         |
| Youth (3-12)                                            | 58,925         | 47,124         | 42,240         | 42,240         | 42,451         |
| Student Group                                           | 11,088         | 12,474         | 13,200         | 13,200         | 13,266         |
| Members                                                 | 31,680         | 33,264         | 36,960         | 36,960         | 37,145         |
| Facility Rentals                                        | 16,474         | 16,355         | 16,236         | 16,236         | 16,317         |
| Free/Complimentary <sup>1/</sup>                        | 12,672         | 11,642         | 11,352         | 11,352         | 11,409         |
| <b>Total</b>                                            | <b>316,800</b> | <b>277,200</b> | <b>264,000</b> | <b>264,000</b> | <b>265,320</b> |
| <b>Percentage of Adult Ticket Price</b>                 |                |                |                |                |                |
| Adult                                                   | 100%           | 100%           | 100%           | 100%           | 100%           |
| Senior                                                  | 82%            | 82%            | 82%            | 82%            | 82%            |
| Youth (3-12)                                            | 60%            | 60%            | 60%            | 60%            | 60%            |
| Student Group                                           | 40%            | 40%            | 40%            | 40%            | 40%            |
| Members                                                 | 0%             | 0%             | 0%             | 0%             | 0%             |
| Facility Rentals                                        | 0%             | 0%             | 0%             | 0%             | 0%             |
| Free/Complimentary <sup>1/</sup>                        | 0%             | 0%             | 0%             | 0%             | 0%             |
| <b>Achieved Per Capita Ticket Revenue <sup>2/</sup></b> |                |                |                |                |                |
| Adult                                                   | \$15.92        | \$15.92        | \$16.70        | \$16.70        | \$17.50        |
| Senior                                                  | \$13.00        | \$13.00        | \$13.60        | \$13.60        | \$14.30        |
| Youth (3-12)                                            | \$9.55         | \$9.55         | \$10.00        | \$10.00        | \$10.50        |
| Student Group                                           | \$6.37         | \$6.37         | \$6.70         | \$6.70         | \$7.00         |
| Members                                                 | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$0.00         |
| Facility Rentals                                        | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$0.00         |
| Free/Complimentary <sup>1/</sup>                        | \$0.00         | \$0.00         | \$0.00         | \$0.00         | \$0.00         |
| <i>Less Coupons &amp; Discounts</i>                     | (\$0.48)       | (\$0.48)       | (\$0.49)       | (\$0.49)       | (\$0.52)       |
| <b>Per Capita Average Revenue</b>                       | <b>\$10.28</b> | <b>\$9.89</b>  | <b>\$10.02</b> | <b>\$10.02</b> | <b>\$10.51</b> |

<sup>1/</sup> Includes children aged 2 and under, complimentary tickets, VIPs, special events & programs etc.

<sup>2/</sup> Year 1 ticket prices reflect compounded inflation rate of 2% per year from 2010 to 2014 dollar value. Actual pricing in 2014 dollars will depend on actual inflation and other factors and would be rounded accordingly.

Source: ConsultEcon, Inc.

Table E-7  
Operations Analysis Assumptions In Current Dollars, Unless Noted  
Desert Discovery Center

| <i>General</i>                                             |                           | <i>Comments</i>    |
|------------------------------------------------------------|---------------------------|--------------------|
| Year Assumed to Open to Public                             | 2014                      |                    |
| Indoor Gross Exhibit Square Footage                        | 34,200                    | (28,500 NSF)       |
| Total Indoor Gross Square Footage                          | 72,972                    |                    |
| Total Exterior Square Footage                              | 70,700                    |                    |
| Low-Range Attendance                                       | 264,000                   |                    |
| Annual Inflation Rate                                      | 2.0%                      |                    |
| Personnel & Benefits Annual Inflation Rate                 | 2.5%                      |                    |
| Annual Attendance Growth after Year 4                      | 0.5%                      |                    |
| <b>Admission Fees and Revenue</b>                          |                           |                    |
| Adult Ticket Price                                         | \$15.00                   |                    |
| Per Capita Ticket Revenue                                  | \$8.98                    |                    |
| Coupons & Discounts as a % of Per Capita Ticket Rev.       | 5.0%                      |                    |
| Ticket Price Increase % every other year                   | 5.0%                      |                    |
| <b>Retail</b>                                              |                           |                    |
| Retail Area Gross Square Footage                           | 2,400                     | (2,000 NSF)        |
| Per Capita Retail Sales                                    | \$3.50                    |                    |
| Outside Retail Sales as Percent of Per Capita Retail Sales | 15%                       |                    |
| Cost of Goods Sold as a % of Retail Sales                  | 50%                       |                    |
| <b>Food Service</b>                                        |                           |                    |
| Vending and Retail Shop Per Capita Food / Beverage Sales   | \$1.00 <sup>1/</sup>      |                    |
| DDC Net Proceeds from vending & store food sales           | 25.0%                     |                    |
| Café/Restaurant Indoor Gross Square Footage                | 3,120                     | Assumes 80 seats.  |
| Desert Dining Garden Outdoor Square Footage                | 3,000                     |                    |
| Restaurant Base Lease Rate Per SF in 2014 Dollars          | \$35.00 <sup>2/</sup>     |                    |
| DDC Net Proceeds of Restaurant Gross Sales                 | 2.0% <sup>3/</sup>        |                    |
| <b>Family &amp; Individual Memberships</b>                 |                           |                    |
| Number of Family, Individual & Supportive Memberships      | 4,620                     | Stable Year        |
| Average Membership Fee                                     | \$100.00                  |                    |
| Annual Attendances Per Membership                          | 8                         |                    |
| <b>Facility Rentals and Receptions</b>                     |                           |                    |
| Major Rentals Per Year                                     | 40                        |                    |
| Target Attendance in Stable Year                           | 12,000                    | Avg. 300 per event |
| Average Net Revenue per Rental                             | \$6,000                   |                    |
| Medium Rentals Per Year                                    | 20                        |                    |
| Target Attendance in Stable Year                           | 2,000                     | Avg. 100 per event |
| Average Net Revenue per Rental                             | \$2,000                   |                    |
| Minor Rentals Per Year (primarily Birthday Parties)        | 90                        |                    |
| Target Attendance in Stable Year                           | 2,250                     | Avg. 25 per event  |
| Average Net Revenue per Rental                             | \$300                     |                    |
| <b>Other Revenue</b> As a % of Earned Revenue              | 1% <sup>3/</sup>          |                    |
| <b>Operating Reserves</b>                                  |                           |                    |
| Operating Reserve Assumption in 2014                       | \$6,300,000 <sup>4/</sup> |                    |
| Annual Growth Rate above Inflation Rate                    | 3%                        |                    |
| Annual Interest                                            | 3%                        |                    |

NOTE: Assumes DDC Program of Areas dated June 16, 2010 by Swaback Partners.

1/ Limited vending and beverage / snacks available in gift shop. Other food provided by café.

2/ In 2014 dollars. Three-year term increased at inflation for 2nd term.

3/ Restaurant assumed to hold a liquor license. Restaurant gross sales estimated based on \$8 per capita for DDC visitors, plus \$10 average spend from an assumed 18,000 (50 per day) annual outside patrons who are drawn from from trail users and from drive-up customers.

4/ Other revenues include revenue from programs, special events, stroller rentals, lockers and other sources.

5/ In 2014 dollars.

Source: ConsultEcon, Inc. and Swaback Partners

**Table E-8  
Earned Revenue Potential  
Desert Discovery Center**

| Year                                               | 2014               | 2015               | 2016               | 2017               | 2018               | Stable Yr Att.<br>(in current dollars) | Percent to Total |
|----------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------------------------|------------------|
|                                                    | YEAR 1             | YEAR 2             | STABLE<br>YEAR 3   | YEAR 4             | YEAR 5             |                                        |                  |
| <b>TOTAL ATTENDANCE</b>                            | 316,800            | 277,200            | 264,000            | 264,000            | 265,320            | 264,000                                |                  |
| Per Capita Ticket Revenue                          | \$10.28            | \$9.89             | \$10.02            | \$10.02            | \$10.51            | \$8.98                                 |                  |
| <b>REVENUE</b>                                     |                    |                    |                    |                    |                    |                                        |                  |
| <b>Earned Revenues</b>                             |                    |                    |                    |                    |                    |                                        |                  |
| Ticket Revenue                                     | \$3,257,377        | \$2,740,642        | \$2,646,232        | \$2,646,232        | \$2,789,584        | \$2,371,314                            | 35.6%            |
| Membership Revenue                                 | 419,760            | 440,960            | 512,820            | 512,820            | 542,880            | \$462,000                              | 6.9%             |
| Gross Retail                                       | 1,353,168          | 1,207,702          | 1,173,196          | 1,196,660          | 1,226,696          | 1,062,600                              | 16.0%            |
| Food Service Net                                   | 84,048             | 75,013             | 72,869             | 74,327             | 76,192             | 66,000                                 | 1.0%             |
| Café/Restaurant Lease Revenue                      | 176,438            | 169,210            | 167,495            | 174,901            | 176,394            | 155,702                                | 2.3%             |
| Facility Rental                                    | 283,661            | 289,009            | 294,790            | 300,685            | 307,388            | 267,000                                | 4.0%             |
| Other Revenue                                      | 55,745             | 49,225             | 48,674             | 49,056             | 51,191             | 43,846                                 | 0.7%             |
| <b>TOTAL EARNED REVENUE</b>                        | <b>\$5,630,196</b> | <b>\$4,971,762</b> | <b>\$4,916,077</b> | <b>\$4,954,682</b> | <b>\$5,170,327</b> | <b>\$4,428,462</b>                     | <b>66.5%</b>     |
| <b>OTHER REVENUE</b>                               |                    |                    |                    |                    |                    |                                        |                  |
| Operating Reserves Interest                        | \$189,000          | \$192,606          | \$196,282          | \$200,027          | \$203,844          | \$178,099                              | 2.7%             |
| Other Non-Earned Revenue Requirement <sup>1/</sup> | \$1,784,976        | \$2,591,887        | \$2,799,021        | \$2,914,898        | \$2,856,829        | \$2,054,072                            | 30.8%            |
| <b>TOTAL REVENUE</b>                               | <b>\$7,604,171</b> | <b>\$7,756,255</b> | <b>\$7,911,380</b> | <b>\$8,069,607</b> | <b>\$8,231,000</b> | <b>\$6,660,632</b>                     | <b>100.0%</b>    |
| <b>Operating Reserves Growth</b>                   | \$6,300,000        | \$6,420,217        | \$6,542,727        | \$6,667,575        | \$6,794,806        | \$5,936,631                            |                  |

NOTE: DDC is expected to open in 2014. Therefore, Year 1 represents the inflated 2014 dollar value.

<sup>1/</sup> Represents potential revenue from grants, gifts, corporate sponsorships, fundraising events, and endowment proceeds.

Source: ConsultEcon, Inc.

Table E-9  
Illustrative Personnel Positions and Salaries  
Desert Discovery Center

| Position                                                             | Annual                       | Part-Time                                | Number                       | Number of              | Number of                   | Total Salary       |
|----------------------------------------------------------------------|------------------------------|------------------------------------------|------------------------------|------------------------|-----------------------------|--------------------|
|                                                                      | Salaries<br>(FTE)            | Seasonal<br>(Peak<br>Season)<br>Salaries | of Full<br>Time<br>Positions | Part Time<br>Positions | Peak<br>Season<br>Positions |                    |
| <b>Administration</b>                                                |                              |                                          |                              |                        |                             |                    |
| Executive Director                                                   | \$150,000                    |                                          | 1                            |                        |                             | \$150,000          |
| Business Manager / CFO                                               | \$100,000                    |                                          | 1                            |                        |                             | \$100,000          |
| Personnel Manager                                                    | \$55,000                     |                                          | 1                            |                        |                             | \$55,000           |
| Account Manager / Bookkeeper                                         | \$45,000                     |                                          | 1                            | 1                      |                             | \$67,500           |
| Receptionist/Administrative Asst.                                    | \$29,000                     |                                          | 1                            |                        |                             | \$29,000           |
| <b>Marketing, Development, Membership and Facility Rentals</b>       |                              |                                          |                              |                        |                             |                    |
| Marketing Manager                                                    | \$80,000                     |                                          | 1                            |                        |                             | \$80,000           |
| Marketing Coordinator/Administrative Asst.                           | \$35,000                     |                                          | 1                            |                        |                             | \$35,000           |
| Development Manager                                                  | \$90,000                     |                                          | 1                            |                        |                             | \$90,000           |
| Grant Writer / Development Data Coordinator                          | \$50,000                     |                                          | 1                            |                        |                             | \$50,000           |
| Membership Manager                                                   | \$55,000                     |                                          | 1                            |                        |                             | \$55,000           |
| Membership Coordinator                                               | \$35,000                     |                                          |                              | 1                      |                             | \$17,500           |
| Marketing & Membership Administrative Asst.                          | \$35,000                     |                                          | 1                            |                        |                             | \$35,000           |
| Events Coordinator                                                   | \$50,000                     |                                          | 1                            |                        |                             | \$50,000           |
| Facility Rentals Coordinators <sup>1/</sup>                          | \$45,000                     |                                          | 1                            | 1                      |                             | \$67,500           |
| <b>Visitor Services and Education Programs</b>                       |                              |                                          |                              |                        |                             |                    |
| Manager of Education Programs and School Groups                      | \$50,000                     |                                          | 1                            |                        |                             | \$50,000           |
| Education and Public Program Manager                                 | \$50,000                     |                                          | 1                            |                        |                             | \$50,000           |
| Educators                                                            | \$32,000                     |                                          | 1                            | 1                      |                             | \$48,000           |
| Visitor Services Manager and Training (Vis. Asst. & Volunteers)      | \$35,000                     |                                          | 1                            | 1                      |                             | \$52,500           |
| Visitor Assistants                                                   | \$22,000                     |                                          | 8                            | 14                     |                             | \$330,000          |
| Visitor Assistants (Peak Season)                                     |                              | \$5,000                                  |                              |                        | 3                           | \$15,000           |
| <b>Retail &amp; Admissions</b>                                       |                              |                                          |                              |                        |                             |                    |
| Museum Store Manager / Buyer                                         | \$60,000                     |                                          | 1                            |                        |                             | \$60,000           |
| Assistant Store Manager                                              | \$40,000                     |                                          | 1                            |                        |                             | \$40,000           |
| Admissions Manager                                                   | \$55,000                     |                                          | 1                            |                        |                             | \$55,000           |
| Group Sales Reservationist / Membership Sales                        | \$25,000                     |                                          | 1                            |                        |                             | \$25,000           |
| Cashiers - Admissions/Retail                                         | \$21,000                     |                                          | 4                            | 9                      |                             | \$178,500          |
| Cashiers - Admissions/Retail (Peak Season)                           |                              | \$5,000                                  |                              |                        | 3                           | \$15,000           |
| <b>Exhibits</b>                                                      |                              |                                          |                              |                        |                             |                    |
| Multimedia Program & Exhibit Manager                                 | \$75,000                     |                                          | 1                            |                        |                             | \$75,000           |
| IT / Multimedia Technician / Web Site                                | \$70,000                     |                                          | 1                            |                        |                             | \$70,000           |
| Changing Exhibit Gallery Coordinator                                 | \$40,000                     |                                          | 1                            |                        |                             | \$40,000           |
| Exhibit Technician                                                   | \$35,000                     |                                          | 3                            | 3                      |                             | \$157,500          |
| <b>Animal Husbandry, Life Support Systems &amp; Plant Operations</b> |                              |                                          |                              |                        |                             |                    |
| Facility Manager / Engineer                                          | \$55,000                     |                                          | 1                            |                        |                             | \$55,000           |
| Assistant Facility Manager / Engineer                                | \$40,000                     |                                          | 1                            |                        |                             | \$40,000           |
| Biologist                                                            | \$50,000                     |                                          | 1                            |                        |                             | \$50,000           |
| Horticulturist                                                       | \$50,000                     |                                          | 1                            | 1                      |                             | \$75,000           |
| Biologists / Horticulturists (Interns)                               |                              | \$12,000                                 |                              | 4                      |                             | \$24,000           |
| Staff Technician / HVAC / Life Support Systems                       | \$28,000                     |                                          | 1                            |                        |                             | \$28,000           |
| Custodians                                                           | \$22,000                     |                                          | 1                            | 2                      |                             | \$44,000           |
| Groundskeepers                                                       | \$22,000                     |                                          | 1                            | 2                      |                             | \$44,000           |
| Lead Security Guard                                                  | \$28,000                     |                                          | 2                            |                        |                             | \$56,000           |
| Security Guards                                                      | \$24,000                     |                                          |                              | 6                      |                             | \$72,000           |
| <b>Total</b>                                                         |                              |                                          | <b>48</b>                    | <b>46</b>              | <b>6</b>                    | <b>\$2,631,000</b> |
| <b>Fringe &amp; Benefits @ Average of</b>                            | <b>28% of Total Salaries</b> |                                          |                              |                        |                             | <b>\$736,680</b>   |
| <b>Total Salaries &amp; Benefits Budget</b>                          |                              |                                          |                              |                        |                             | <b>\$3,367,680</b> |
| <b>Total Full Time Equivalent Positions (FTE'S)</b>                  |                              |                                          |                              |                        |                             | <b>72.50</b>       |

NOTES: Part Time Employees Calculated at 50% FTE, seasonal workers at 25% FTE. Volunteers would serve to supplement some positions such as Visitor Assistants.

Visitor Assistants and Cashiers paid positions be supplemented by Volunteers.

<sup>1/</sup> This position could be split into two part-time positions to share day and evening rentals.

Source: ConsultEcon, Inc.

**Table E-10**  
**Illustrative Annual Operating Expenses**  
**Desert Discovery Center**

| <b>Project Parameters</b>                          |                      |                                      |                         |
|----------------------------------------------------|----------------------|--------------------------------------|-------------------------|
| Indoor Square Footage                              | 72,972               |                                      |                         |
| Exterior Square Footage                            | 70,700               |                                      |                         |
| Annual Attendance                                  | 264,000              |                                      |                         |
| Students in Groups                                 | 13,200               |                                      |                         |
| Employees (FTEs)                                   | 72.50                | See Personnel Schedule               | <b>Percent to Total</b> |
| <b>Detailed Budgetary Analysis</b>                 |                      |                                      |                         |
|                                                    | <b>Annual Amount</b> | <b>Expense Factors <sup>1/</sup></b> |                         |
| Salaries (FTE, PTE)                                | \$2,631,000          | See Personnel Schedule               | 39.5%                   |
| Fringe / Benefits (@ 28% of Sal.)                  | \$736,680            | See Personnel Schedule               | 11.1%                   |
|                                                    |                      | Budgeted at \$15/hour for            |                         |
| Allowance for Interns & Seasonal Personnel         | \$30,000             | 2,000 hours                          | 0.5%                    |
| Uniforms                                           | \$7,250 @            | \$100 Per FTE                        | 0.1%                    |
| Professional/Contract Services                     | \$217,500 @          | \$3,000 Per FTE                      | 3.3%                    |
| Voice/Data/Web Presence                            | \$72,500 @           | \$1,000 Per FTE                      | 1.1%                    |
| Postage & Shipping                                 | \$23,563 @           | \$325 Per FTE                        | 0.4%                    |
| Equipment Rental/ Lease                            | \$30,813 @           | \$425 Per FTE                        | 0.5%                    |
| Travel, Meeting and Entertainment                  | \$32,625 @           | \$450 Per FTE                        | 0.5%                    |
| Dues and Subscriptions                             | \$16,313 @           | \$225 Per FTE                        | 0.2%                    |
| Retail Cost of Goods Sold (COGS)                   | \$531,300 @          | 50% Of Gross Retail Sales            | 8.0%                    |
| Advertising                                        | \$528,000 @          | \$2.00 Per Attendee                  | 7.9%                    |
| Printing/Copying & Publications                    | \$132,000 @          | \$0.50 Per Attendee                  | 2.0%                    |
| Educational Kits                                   | \$39,600 @           | \$3.00 Per Student                   | 0.6%                    |
| Events & Programs                                  | \$150,000            | Budgeted                             | 2.3%                    |
| Changing Exhibits                                  | \$200,000            | Budgeted                             | 3.0%                    |
| Exhibit Reinvestment                               | \$158,400 @          | \$0.60 Per Attendee                  | 2.4%                    |
| Live Animal Exhibit Supplies / Food                | \$50,000             | Budgeted                             | 0.8%                    |
| Live Animal Replacement                            | \$15,000             | Budgeted                             | 0.2%                    |
| Supplies & Materials                               | \$145,000 @          | \$2,000 Per FTE                      | 2.2%                    |
| Utilities                                          | \$218,916 @          | \$3.00 Per Interior SF               | 3.3%                    |
| Insurance                                          | \$91,215 @           | \$1.25 Per Interior SF               | 1.4%                    |
| Repairs & Maintenance                              | \$102,161 @          | \$1.40 Per Interior SF               | 1.5%                    |
| Grounds keeping/Landscaping Supplies & Replacement | \$75,000 @           | \$6,000 Per Month <sup>2/</sup>      | 1.1%                    |
| Parking Maintenance                                | \$18,000             | Budgeted for 300 spaces              | 0.3%                    |
| Other Operating Expenses / Contingency             | \$90,625 @           | \$1,250 Per FTE                      | 1.4%                    |
| <b>Subtotal Operating Expenses</b>                 | <b>\$6,343,459</b>   |                                      | <b>95.2%</b>            |
| <b>Capital Reserves</b>                            | <b>\$317,173 @</b>   | <b>5% of Op. Expenses</b>            | <b>4.8%</b>             |
| <b>Total Operating Costs</b>                       | <b>\$6,660,632</b>   |                                      | <b>100.0%</b>           |
| <b>Operating Analysis</b>                          |                      |                                      |                         |
| Operating Expense Per SF                           | \$91.28              |                                      |                         |
| Operating Expense Per Visitor                      | \$25.23              |                                      |                         |
| Attendees Per FTE                                  | 3,641                |                                      |                         |
| Op. Exp Per FTE                                    | \$91,871             |                                      |                         |
| Square Feet Per FTE                                | 1,007                |                                      |                         |

<sup>1/</sup> Factors are based on industry standards, the specific attributes of the project and local conditions.

<sup>2/</sup> Source: Ten Eyck Landscape Architects, Inc.

Source: ConsultEcon, Inc.

Table E-11  
Projected Operating Expenses  
Desert Discovery Center

| Year                                              | 2014               | 2015               | 2016               | 2017               | 2018               | Stable Yr<br>(in current<br>dollars) | Percent to<br>Total |
|---------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------------------------|---------------------|
|                                                   | STABLE             |                    |                    |                    |                    |                                      |                     |
| Operating Expenses                                | YEAR 1             | YEAR 2             | YEAR 3             | YEAR 4             | YEAR 5             |                                      |                     |
| Salaries (FTE, PTE)                               | \$2,833,299        | \$2,904,132        | \$2,976,735        | \$3,051,153        | \$3,127,432        | \$2,631,000                          | 39.5%               |
| Fringe / Benefits (@ 28% of Sal.)                 | \$793,324          | \$813,157          | \$833,486          | \$854,323          | \$875,681          | \$736,680                            | 11.1%               |
| Allowance for Interns & Seasonal Personnel        | \$32,307           | \$33,114           | \$33,942           | \$34,791           | \$35,661           | \$30,000                             | 0.5%                |
| Uniforms                                          | \$7,694            | \$7,886            | \$8,083            | \$8,285            | \$8,492            | \$7,250                              | 0.1%                |
| Professional/Contract Services                    | \$230,813          | \$235,429          | \$240,138          | \$244,940          | \$249,839          | \$217,500                            | 3.3%                |
| Voice/Data/Web Presence                           | \$76,938           | \$78,476           | \$80,046           | \$81,647           | \$83,280           | \$72,500                             | 1.1%                |
| Postage & Shipping                                | \$25,005           | \$25,505           | \$26,015           | \$26,535           | \$27,066           | \$23,563                             | 0.4%                |
| Equipment Rental/ Lease                           | \$32,698           | \$33,352           | \$34,019           | \$34,700           | \$35,394           | \$30,813                             | 0.5%                |
| Travel, Meeting and Entertainment                 | \$34,622           | \$35,314           | \$36,021           | \$36,741           | \$37,476           | \$32,625                             | 0.5%                |
| Dues and Subscriptions                            | \$17,311           | \$17,657           | \$18,010           | \$18,371           | \$18,738           | \$16,313                             | 0.2%                |
| Retail Cost of Goods Sold (COGS)                  | \$676,584          | \$603,851          | \$586,598          | \$598,330          | \$613,348          | \$531,300                            | 8.0%                |
| Advertising                                       | \$672,381          | \$600,100          | \$582,955          | \$594,614          | \$609,539          | \$528,000                            | 7.9%                |
| Printing/Copying & Publications                   | \$168,095          | \$150,025          | \$145,739          | \$148,653          | \$152,385          | \$132,000                            | 2.0%                |
| Educational Kits                                  | \$35,300           | \$40,507           | \$43,722           | \$44,596           | \$45,715           | \$39,600                             | 0.6%                |
| Events & Programs                                 | \$159,181          | \$162,365          | \$165,612          | \$168,924          | \$172,303          | \$150,000                            | 2.3%                |
| Changing Exhibits / Curatorial                    | \$212,242          | \$216,486          | \$220,816          | \$225,232          | \$229,737          | \$200,000                            | 3.0%                |
| Exhibit Reinvestment                              | \$168,095          | \$171,457          | \$174,886          | \$178,384          | \$181,952          | \$158,400                            | 2.4%                |
| Live Animal Exhibit Supplies / Food               | \$53,060           | \$54,122           | \$55,204           | \$56,308           | \$57,434           | \$50,000                             | 0.8%                |
| Live Animal Replacement                           | \$15,918           | \$16,236           | \$16,561           | \$16,892           | \$17,230           | \$15,000                             | 0.2%                |
| Supplies & Materials                              | \$153,875          | \$156,953          | \$160,092          | \$163,294          | \$166,559          | \$145,000                            | 2.2%                |
| Utilities                                         | \$232,315          | \$236,962          | \$241,701          | \$246,535          | \$251,466          | \$218,916                            | 3.3%                |
| Insurance                                         | \$96,798           | \$98,734           | \$100,709          | \$102,723          | \$104,777          | \$91,215                             | 1.4%                |
| Repairs & Maintenance                             | \$108,414          | \$110,582          | \$112,794          | \$115,050          | \$117,351          | \$102,161                            | 1.5%                |
| Groundskeeping/Landscaping Supplies & Replacement | \$79,591           | \$81,182           | \$82,806           | \$84,462           | \$86,151           | \$75,000                             | 1.1%                |
| Parking Maintenance                               | \$19,102           | \$19,484           | \$19,873           | \$20,271           | \$20,676           | \$18,000                             |                     |
| Other Operating Expenses / Contingency            | \$96,172           | \$98,095           | \$100,057          | \$102,058          | \$104,100          | \$90,625                             | 1.4%                |
| Miscellaneous <sup>1/</sup>                       | \$210,934          | \$105,017          | \$0                | \$0                | \$0                | \$0                                  | 0.0%                |
| <b>Total Operating Expenses</b>                   | <b>\$7,242,068</b> | <b>\$7,386,909</b> | <b>\$7,534,647</b> | <b>\$7,685,340</b> | <b>\$7,839,047</b> | <b>\$6,343,459</b>                   | <b>95.2%</b>        |
| <b>Capital Reserves <sup>2/</sup></b>             | <b>\$362,103</b>   | <b>\$369,345</b>   | <b>\$376,732</b>   | <b>\$384,267</b>   | <b>\$391,952</b>   | <b>\$317,173</b>                     | <b>4.8%</b>         |
| <b>Total Operating Costs</b>                      | <b>\$7,604,171</b> | <b>\$7,756,255</b> | <b>\$7,911,380</b> | <b>\$8,069,607</b> | <b>\$8,231,000</b> | <b>\$6,660,632</b>                   | <b>100.0%</b>       |

<sup>1/</sup> To accommodate higher attendance levels after opening in Years 1 and 2 and unforeseen early year expenditures, the operating expenses have been increased by 3% and 1.5%, respectively, in addition to inflation.

<sup>2/</sup> Capital Reserves include funds for equipment replacements and minor building repairs/improvements.

Source: ConsultEcon, Inc.

**Table E-12**  
**Net Income Summary - Low-Range Attendance**  
**Desert Discovery Center**

|                                              | Stabilized<br>Attendance<br>Levels <sup>1/</sup> | 2014               | 2015               | 2016               | 2017               | 2018               |
|----------------------------------------------|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                              |                                                  | YEAR 1             | YEAR 2             | STABLE<br>YEAR 3   | YEAR 4             | YEAR 5             |
| <b>Revenues</b>                              |                                                  |                    |                    |                    |                    |                    |
| Operational Revenues                         | \$4,428,462                                      | \$5,630,196        | \$4,971,762        | \$4,916,077        | \$4,954,682        | \$5,170,327        |
| Non-Operational Revenues                     |                                                  |                    |                    |                    |                    |                    |
| Operating Reserves Interest                  | \$178,099                                        | \$189,000          | \$192,606          | \$196,282          | \$200,027          | \$203,844          |
| Other Non-Operational Revenues <sup>2/</sup> | \$2,054,072                                      | \$1,784,976        | \$2,591,887        | \$2,799,021        | \$2,914,898        | \$2,856,829        |
| <b>Total</b>                                 | <b>\$6,660,632</b>                               | <b>\$7,604,171</b> | <b>\$7,756,255</b> | <b>\$7,911,380</b> | <b>\$8,069,607</b> | <b>\$8,231,000</b> |
| <b>Expenses</b>                              |                                                  |                    |                    |                    |                    |                    |
| Operating Costs                              | \$6,343,459                                      | \$7,242,068        | \$7,386,909        | \$7,534,647        | \$7,685,340        | \$7,839,047        |
| Capital Reserves                             | \$317,173                                        | \$362,103          | \$369,345          | \$376,732          | \$384,267          | \$391,952          |
|                                              | \$6,660,632                                      | \$7,604,171        | \$7,756,255        | \$7,911,380        | \$8,069,607        | \$8,231,000        |
| <b>Net Revenue</b>                           | <b>\$0</b>                                       | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         |

1/ Revenue and expense in current dollars.

2/ Estimates of Non-Operational Revenue Potential have been limited to the extent required. Higher amounts would be sought.

Source: ConsultEcon, Inc.